

# INDIANA

Comprehensive Annual Financial Report  
For Fiscal Year Ended June 30, 2014

**Michael R. Pence, Governor**



Prepared by the Office of  
**Indiana Auditor of State**

**Suzanne Crouch**

Room 240 State House  
200 West Washington St.  
Indianapolis, IN 46204



# STATE OF INDIANA

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Michael R. Pence, Governor



Prepared by:

The Office of the Auditor of State  
**Suzanne Crouch**  
**Auditor of State**  
Room 240  
State House  
Indianapolis, Indiana 46204

# Acknowledgments

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**Stephen Daniels, CPA**, Deputy Auditor  
**Erin Sheridan**, Deputy Auditor  
**Ryan Downham**, Management Information Systems Director  
**Clay Jackson, CPA**, Finance Director  
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**Colleen Tye**, Human Resources Director  
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**Janie Cope**, Staff Accountant  
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**Joe Jacoby**, Settlement Specialist  
**Ryan Petter**, Settlement Specialist

We extend special thanks to Stacey Halvorsen, CPA, and all employees of State agencies throughout Indiana. Your cooperation and assistance in the preparation of this Comprehensive Annual Financial Report has been invaluable.

Please visit our web site at [www.in.gov/auditor/](http://www.in.gov/auditor/)



Appointed as Indiana's 56<sup>th</sup> State Auditor in January of 2014, Suzanne Crouch serves as the Chief Financial Officer for the State of Indiana. Auditor Crouch is a committed fiscal conservative who keeps taxpayers first, recognizing that each tax dollar is closely linked to the hard working Hoosier who earned it.

Before becoming Auditor, Crouch served as the State Representative for House District 78 which encompasses parts of Vanderburgh and Warrick Counties. She was elected to the seat in 2005, and served as the Vice Chairman of the Ways and Means Committee and on the Public Health Committee. While in the House, Crouch had several legislative accomplishments. She received the 2012 Public Policy Award from the Arc of Indiana for her work with people with disabilities and was named Legislator of the Year in 2011 by the Indiana Association of Rehabilitation Facilities.

Prior to serving in the House of Representatives, Crouch spent eight years as Auditor of Vanderburgh County, holding office from 1995-2002. During that time, her office received its first clean bill of health in decades from the State Board of Accounts. Crouch then went on to serve as a Vanderburgh County Commissioner until joining the House. She presided as president of that body during her third year in office.

As the State Auditor, Crouch will continue the long legacy of transparency and accountability demonstrated by the Indiana State Auditor's Office. The State's Comprehensive Annual Financial Report was awarded its 21<sup>st</sup> consecutive Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association during her first year in office. The State's Transparency Portal website also received the No. 1 ranking in the nation from the U.S. Public Interest Research Group, giving the public access to information showing the State's contracts, subsidies, expenditures and revenue.



Suzanne Crouch  
Indiana Auditor of State

Suzanne and her husband Larry Downs have been married for 36 years. They have one daughter, Courtney, who resides in Florida and was recently married. Larry is a partner at Kahn, Dees, Donovan & Kahn, LLP in Evansville and has been practicing law for more than 40 years. Suzanne holds a degree in Political Science from Purdue University.

# **AUDITORS OF STATE Of THE STATE OF INDIANA**

| <b>Term</b> | <b>Name</b>           | <b>Politics</b>  |
|-------------|-----------------------|------------------|
| 1816-1828   | William H. Lilley     | Party Unknown    |
| 1828-1829   | Benjamin I. Blythe    | Party Unknown    |
| 1829-1844   | Morris Morris         | Party Unknown    |
| 1844-1847   | Horatio J. Harris     | Party Unknown    |
| 1847-1850   | Douglas Maguire       | Whig             |
| 1850-1853   | Erastus W. H. Ellis   | Democrat         |
| 1853-1855   | John P. Dunn          | Democrat         |
| 1855-1857   | Hiram E. Talbot       | Fusion-"peoples" |
| 1857-1861   | John W. Dodd          | Democrat         |
| 1861-1863   | Albert Lange          | Republican       |
| 1863-1865   | Joseph Ristine        | Democratic Union |
| 1865-1869   | Thomas P. McCarthy    | Republican       |
| 1869-1871   | John D. Evans         | Republican       |
| 1871-1873   | John C. Shoemaker     | Democrat         |
| 1873-1875   | James A. Wilder       | Republican       |
| 1875-1879   | Ebenezer Henderson    | Democrat         |
| 1879-1881   | Mahlon D. Manson      | Democrat         |
| 1881-1883   | Edward H. Wolfe       | Republican       |
| 1885-1887   | James H. Rice         | Democrat         |
| 1887-1891   | Bruce Carr            | Republican       |
| 1891-1895   | John O. Henderson     | Democrat         |
| 1895-1899   | Americus C. Daily     | Republican       |
| 1899-1903   | William H. Hart       | Republican       |
| 1903-1905   | David E. Sherrick     | Republican       |
| 1905-1906   | Warren Bigler         | Republican       |
| 1906-1910   | John C. Billheimer    | Republican       |
| 1910-1914   | William H. O'Brien    | Democrat         |
| 1914-1916   | Dale J. Crittenberger | Democrat         |
| 1916-1920   | Otto Clauss           | Republican       |
| 1920-1922   | William G. Oliver     | Republican       |
| 1922-1924   | Robert Bracken        | Democrat         |
| 1924-1928   | Lewis S. Bowman       | Republican       |
| 1928-1930   | Arch N. Bobbit        | Republican       |
| 1930-1934   | Floyd E. Williamson   | Democrat         |
| 1934-1938   | Laurence F. Sullivan  | Democrat         |
| 1938-1940   | Frank G. Thompson     | Democrat         |
| 1940-1944   | Richard T. James      | Republican       |
| 1944-1948   | Alvin V. Burch        | Republican       |
| 1948-1950   | James M. Propst       | Democrat         |
| 1950-1954   | Frank T. Millis       | Republican       |
| 1954-1956   | Curtis E. Rardin      | Republican       |
| 1956-1958   | Roy T. Combs          | Republican       |
| 1958-1960   | Albert A. Steinwedel  | Democrat         |
| 1960-1964   | Dorothy Gardner       | Republican       |
| 1964-1966   | Mark L. France        | Democrat         |
| 1966-1968   | John P. Gallagher     | Republican       |
| 1968-1970   | Trudy Slaby Etherton  | Republican       |
| 1970-1978   | Mary Aikins Currie    | Democrat         |
| 1978-1982   | Charles D. Loos       | Republican       |
| 1982-1986   | Otis E. Cox           | Democrat         |
| 1986-1994   | Ann G. DeVore         | Republican       |
| 1994-1998   | Morris Wooden         | Republican       |
| 1998-2007   | Connie K. Nass        | Republican       |
| 2007-2013   | Tim Berry             | Republican       |
| 2013-2013   | Dwayne Sawyer         | Republican       |
| 2014-       | Suzanne Crouch        | Republican       |

## STATE OF INDIANA

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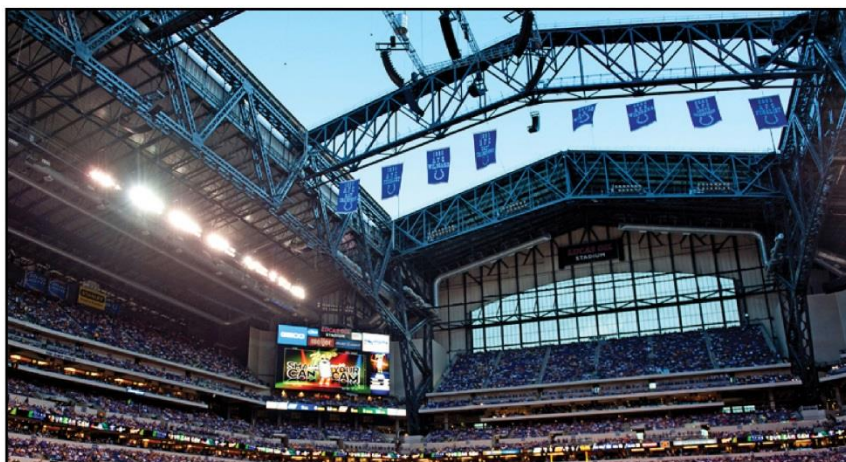
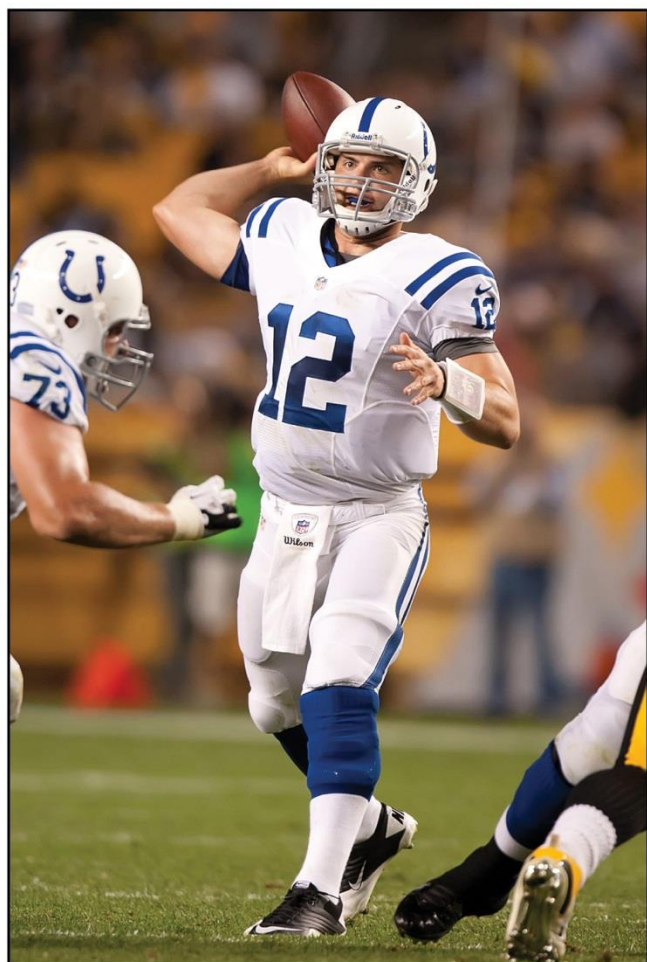
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# INTRODUCTORY SECTION

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## COMPREHENSIVE ANNUAL FINANCIAL REPORT



Photos used with permission of Indianapolis Colts



# Indiana Football

Professional football came to Indianapolis on March 28, 1984, when Colts Owner Robert Irsay moved the historic NFL franchise from Baltimore to Indianapolis.

The Colts franchise was originally established in December 1946 when the bankrupt Miami Seahawks were purchased and relocated to Baltimore by a group headed by Bob Rodenberg and renamed the Colts. When the All American Football Conference and the National Football League (NFL) merged in 1950, the Colts joined the NFL. After posting a 1-11 record for the second consecutive year, the franchise was dissolved by the league in January 1951 because of its failing financial condition. In 1953, the NFL's Dallas Texans franchise was moved to Baltimore where, keeping the "Colts" nickname, the Texans team colors of blue and white were inherited.

Before their first NFL season, the "new" Baltimore Colts engineered one of the biggest trades in sports history. In a deal with Cleveland involving 15 players, Baltimore received 10 Browns in exchange for five Colts. These players, along with new Head Coach Weeb Ewbank, guided the Colts to two conference and NFL championships.

After the Colts moved to Indianapolis in 1984, they continued their top-notch performance through a succession of coaches and owners. In 57 years of National Football League competition, the Colts have achieved a 460-409-7 record, including four World Championships, 18 Conference or Divisional titles and one Super Bowl.







## AUDITOR OF STATE

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December 30, 2014

Governor,  
Members of the General Assembly,  
Citizens of the State of Indiana:

We are proud to present the Comprehensive Annual Financial Report (CAFR) for the State of Indiana's fiscal year ended June 30, 2014.

This Comprehensive Annual Financial Report has been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as prescribed in pronouncements by the Governmental Accounting Standards Board. While management remains primarily and ultimately responsible for the contents and presentation of this report, responsibility for both the accuracy of the data presented and completeness and fairness of the presentation rests with the State agencies that provide the data and are obligated to verify postings. We believe the information set forth in this report is accurate in all aspects and is presented in a manner designed to set forth the financial position and results of operations of the State as measured by the financial activity of its various funds.

State statute requires an annual audit by the Indiana State Board of Accounts. The Board is considered by federal and state government to be independent auditors. The Independent Auditor's Report on the financial statements is included in the financial section of this report and in the Statewide Single Audit Report of the State of Indiana.

The State is responsible for ensuring that an adequate internal control structure is in place to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized user disposition and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits likely to be derived and that the evaluation of costs and benefits requires management to make estimates and judgments.

This internal control structure is subject to periodic evaluation by management and internal audit staff of the various State agencies. As part of the Single Audit, tests are made to determine the adequacy of the internal control structure related to federal financial assistance programs, as well as to determine that the State of Indiana has complied with applicable laws and regulations.

Generally Accepted Accounting Principles provides for two types of statements, government-wide and fund statements. The government-wide statements are very similar to the private sector's statements, using the full accrual basis of accounting and the economic resources measurement focus. The governmental funds financial statements use the modified accrual basis of accounting and the current financial resources measurement focus. In the government-wide statements, infrastructure (roads, bridges, dams) has been capitalized. Capital assets, except for infrastructure using the modified approach, are depreciated like the private sector.

Management's Discussion and Analysis (MD&A) in the Financial Section introduces the basic financial statements and provides an analytical overview of the government's financial activities. It is presented before the basic financial statements. We encourage you to read it to get an in-depth analysis of the State of Indiana's finances.

## Profile of the Government

Located in America's heartland in the Midwest, Indiana is a leading manufacturing state and a major agricultural producer. The latest U.S. Census Bureau estimate places Indiana's population at 6,516,922 which makes Indiana the nation's 15<sup>th</sup> largest State. The State is 78.4% urban and 21.6% rural. The five largest cities are Indianapolis, the capital, Fort Wayne, Evansville, South Bend and Carmel.

Indiana became the 19<sup>th</sup> State of the Union on December 11, 1816. The State Constitution establishes the government in three separate departments: legislative, executive including administrative, and judicial. The legislative power of the State is vested in the Indiana General Assembly, which consists of a 100 member House of Representatives and a 50 member Senate. The Indiana General Assembly has the power to enact laws which are not prohibited by the State Constitution and not in conflict with Federal laws and powers. The executive power of the State is vested with the Governor. The State Constitution and legislation establish the following Statewide elected administrative officials: Lieutenant Governor, Auditor of State, Secretary of State, Treasurer of State, Attorney General, and the Superintendent of Public Instruction. The judicial power of the State is vested in one Supreme Court consisting of five justices, one Court of Appeals consisting of 15 judges, 313 Trial Courts (including Circuit Courts), and one Tax Court.

The State government provides a wide range of services to the citizens of Indiana, including education, transportation, public health, public safety, welfare, conservation, and economic development.

This report includes the financial activities and balances of the State of Indiana and its component units. The component units are legally separate entities for which the State of Indiana has financial responsibility and include State funded colleges and universities, and other legally separate entities that provide services and benefits to local governments and the citizens of the State of Indiana. More information on the financial reporting entity can be found in Note I(A) in the notes to the financial statements.

The Indiana General Assembly meets every other year to adopt a biennial budget, which is submitted by the Governor. The General Assembly enacts the budget through passage of specific appropriations, the sum of which may not exceed estimated funding sources. Budgetary control is exercised in that agencies of the State may only expend appropriations as allotted by the Budget Agency or other statutory authority. The State Board of Finance, which consists of the Governor, Auditor of State, and Treasurer of State, is empowered to transfer appropriations from one agency of the State to another, with the exception of trust funds. The State Budget Agency may transfer, assign, and reassign appropriations made for one specific purpose to another use or purpose within the same agency.

## Factors Affecting Economic and Financial Conditions

The information presented in the financial statements is better understood within the context of the specific environment within which the State of Indiana operates. The following describes that environment.

### Local Economy

With a 2013 Gross Domestic Product of \$294.2 billion, Indiana's economy ranked 16<sup>th</sup> largest in the U.S. in terms of the value of goods and services. Indiana's largest contributor to GDP growth was the manufacturing sector, which accounted for 30.0% of Indiana's GDP in 2013. The nondurable goods subset of the manufacturing sector was the biggest cause of Indiana's GDP growth in 2013.

In 2013, the manufacturing sector accounted for nearly 16.7% of the jobs in Indiana compared to 20.3% in 2002. The share of employment accounted for by the health care and social services sector increased from 10.2% in 2002 to 12.7% in 2013. Per capita personal income was \$38,622 and the State's unemployment rate averaged 7.5% in 2013.

## Cash Management and Investments

Cash temporarily idle during the year was invested in deposit accounts, obligations of the U.S. Treasury and U.S. Agencies, money market mutual funds, and repurchase agreements. The pension trust funds' portfolios include other investments as outlined in Note I(E)(1) in the notes to the financial statements. The average yield on the General Fund investments was 0.20% for the fiscal year ended June 30, 2014. The average yield on the total investment of all funds, except for pension trust funds, was 0.50% for the fiscal year ended June 30, 2014. The State's investment policy is to minimize credit and market risks while maintaining sufficient liquidity and earning a competitive yield on its portfolio. Deposits held by the Treasurer of State are insured by federal and state depository insurance.

## Debt Administration

The commissions and authorities, some of which are included as component units in the financial reporting entity of the State of Indiana, issue bonds for some of the State's capital needs. All of the bond issues are revenue bonds associated with specific State component units. The total of long-term revenue bonds and notes outstanding, net of amortized discounts, is \$9.6 billion at June 30, 2014.

## Financial Policies

Indiana's Office of Management and Budget (OMB) serves as an umbrella organization to better coordinate the State's financial policies. The OMB consists of the Department of Government Efficiency and Financial Planning, the Department of Local Government Finance, the Board of Tax Review, Office of Technology, the Office of State Based Initiatives, the Department of Revenue, the State Budget Agency, the Indiana Public Retirement System, and the Indiana Finance Authority.

In June 2014, Indiana closed the books with \$2.005 billion in reserves, and a structurally balanced budget. Reducing general fund spending has enabled Indiana to not only maintain a prudent level of reserves, but also repay debts to local government, schools, and universities, which at their peak in FY 2005, totaled over \$750 million. One-time revenues, such as those generated by the Tax Amnesty program several years ago, have been used to repay one-time debt rather than being built into revenue forecasts to support on-going expenditures.

Indiana is one of eleven states that has the highest credit rating assigned by all three independent credit rating agencies: Fitch, Moody's, and Standard & Poor's Ratings Service (S&P).

At the time of the upgrade by S&P, their report noted that the administration has made significant financial management changes and strengthened budgeting practices. S&P cited four areas in issuing the AAA credit rating: a stable and diversifying economic base despite continued manufacturing concentration, a conservative biennial budget that will add to the fund balance by the end of the biennium, property tax reform that has clarified the state's financial responsibilities, and low overall debt levels.

## Long-Term Financial Planning

The Indiana Finance Authority is charged with developing, implementing, maintaining and monitoring a debt management plan for all non-conduit debt or debt-related obligations issued by state issuers. This plan is intended to provide guidance in the structuring, sale, monitoring, and post-issuance compliance for all State-related debt.

The State of Indiana launched a new statewide accounting system in September 2009. The transition to the new system included a significant enhancement of internal controls, the implementation of a uniform chart of accounts, and the conversion of all financial data from the prior system into the new system. In addition to a successful go-live in September 2009, the state completed an upgrade in the spring of 2012 and again had a timely closing of the books in July 2014.

Executive Order 14-06 required the OMB to create the Governor's Management and Performance Hub (MPH) for the purposes of centralized data sharing, correlation, and analysis in order to drive innovation

and efficiency across state agencies; improve information technology systems, practices, and procedures to enhance the security of data retained by state agencies; and to increase the transparency of state government.

In 2008, the Pew Center on the States and *Governing* magazine released a report from the Government Performance Project assessing the quality of management in the 50 states. In this report, Indiana was highlighted as having “moved into fiscal balance by going beyond one-time budget fixes” and for having a four-year horizon to make fiscal decisions.

## Major Initiatives

**K-12 Education** – Funding for elementary and secondary education is the State’s largest operating expense. Prior to January 1, 2003, the State provided approximately 66% of school corporations’ general fund budgets. As a result of the tax restructuring legislation enacted in 2002, the State provided approximately 85% of the school corporations’ general fund budgets. As part of the property tax reform legislation enacted by P.L. 146-2008, the State assumed responsibility for the local share of tuition support and provides 100% of the tuition support for school corporation general funds beginning in January 2009.

Local school aid includes distributions for programs such as assessment and performance, as well as tuition support. The General Assembly established the State’s calendar year 1972 funding level as the base for local school aid.

The K-12 tuition support for Fiscal Year 2014 totaled \$6,644.5 million. This includes a distribution of \$21.7 million for adult learners.

**Higher Education** – Through the General Fund, the State supports seven higher education institutions: Ball State University, Indiana University, Indiana State University, Ivy Tech Community College of Indiana, Purdue University, University of Southern Indiana, and Vincennes University. Higher education expenditures from the General Fund for Fiscal Year 2014 were \$1,453.0 million. Appropriations for higher education include university operating, university fee-replaced debt service, university line items, other higher education line items, university repair and rehabilitation, university capital projects, and State student aid.

Since Fiscal Year 1976, the General Assembly has appropriated to each State university and college an amount equal to the annual debt service requirements due on qualified outstanding student fee and building facilities fee bonds and other amounts due with respect to debt service and debt reduction for interim financings (collectively, “Fee Replacement Appropriations”). The Fee Replacement Appropriations are not pledged as security for such bonds and other amounts. Under the Indiana Constitution, the General Assembly cannot bind subsequent General Assemblies to continue the present Fee Replacement Appropriations policy; however, it is anticipated that the policy will continue for outstanding bonds and notes.

**Public Safety** – Appropriations for the Department of Correction, payable almost entirely from the General Fund, include funds for incarceration and rehabilitation of adult and juvenile offenders, as well as parole programs. Corrections expenditures were \$672.3 million for Fiscal Year 2013 and \$659.6 million for Fiscal Year 2014. Fiscal Year 2013 expenses include over \$40.6 million that was set aside for bond defeasance that occurred in Fiscal Year 2014.

Offender population is the most significant driver of corrections expenditures. The total offender population, including those in jail and contract beds, increased to 29,638 in Fiscal Year 2014 – up 1.8% from 29,103 in Fiscal Year 2013.

**Transportation** – As a result of the Major Moves program, Indiana has seen record construction, as the Indiana Department of Transportation (INDOT) is executing the \$12 billion construction program made possible in part by the lease of the Indiana Toll Road. INDOT is aggressively working to advance as much work as possible from later construction years to take advantage of favorable price conditions. This also

helps deliver the benefits of the new highways much earlier, and spurs job creation. In addition, \$200 million was appropriated from the General Fund for highway capacity enhancements in FY 2014.

For a seventh consecutive year, state and federal program expenditures for engineering, right-of-way, construction, and maintenance exceeded one billion dollars. Actual FY 2014 expenditures and obligations were \$1.01 billion.

**Conservation and Environment** - In FY 2014, the Department of Natural Resources (DNR) continued the largest land conservation initiative in the State's history, the Healthy Rivers Initiative (HRI). The HRI consists of two projects, one within the Wabash River and Sugar Creek floodplain (over 43,000 acres) and another along the Muscatatuck River known as Muscatatuck Bottoms (over 26,000 acres). Since the announcement in FY 2010, DNR has acquired over 11,800 acres along the Muscatatuck River and Wabash River corridors. Land acquisition efforts will continue for years into the future.

The Bicentennial Nature Trust (BNT) was launched in FY 2012 as a statewide land conservation initiative to celebrate Indiana's upcoming 200th anniversary in much the same way as the first 100 years of statehood were marked in 1916 with establishment of the state park system. The state committed \$20 million to help fund BNT and called on individuals, businesses and communities around the state to join the effort. Through FY 2014, 71 BNT projects had been approved and 28 have been completed.

**Health and Human Services** – Medicaid is a state/federal shared fiscal responsibility with the State supporting 33.08% of the total program through a combination of State General Fund and dedicated funds over the biennium. Federal funding accounts for the remaining 66.92%. The federal share increased during Fiscal Years 2009, 2010, and 2011 as a result of ARRA. In Fiscal Years 2011, 2012 and 2013, State General Fund Medicaid expenditures totaled \$1,436.0 million, \$1,856.4 million, and \$2,023.5 million respectively. For Fiscal Year 2014, State General Fund Medicaid expenditures totaled \$1,975.1 million. Enrollment was estimated to be 1,064,689 at the end of Fiscal Year 2014 and is expected to reach 1,207,692 by the end of Fiscal Year 2015 (these figures exclude the Children's Health Insurance Program and the Healthy Indiana Program). Indiana's base federal reimbursement rate equaled 66.96% for the first quarter of Fiscal Year 2013, 67.16% for the remaining three quarters of Fiscal Year 2013 and the first quarter of Fiscal Year 2014, and 66.92% for the remaining three quarters of Fiscal Year 2014.

Indiana is working with the federal government to replace the traditional Medicaid program for non-disabled adults by expanding the Healthy Indiana Plan (HIP) for 2015. HIP 2.0 is expected to provide healthcare coverage to over 450,000 Hoosiers within the next 5 years. The expanded program has been designed to improve healthcare utilization and promote personal responsibility. In addition, HIP 2.0 will maintain financial sustainability and will not increase taxes for Hoosiers. The program will be funded by enhanced federal funding, the hospital assessment fee, and existing cigarette tax revenues previously used for HIP.

In its eighth year of operations, the Department of Child Services (DCS) continued the implementation of its practice to place children in the least restrictive, most family-like setting. This trending is important because research among child-advocate experts has shown that placing children in the least restrictive, most family-like setting produces the best outcomes for children and families and, consequently, is more cost effective.

In January 2010, DCS established the Indiana Child Abuse and Neglect Hotline to serve as the centralized reporting channel for all allegations of child abuse or neglect in Indiana. The Hotline is staffed with trained intake specialists and at least one supervisor per shift, 24 hours per day, seven days per week, and 365 days per year. DCS has seen the number of calls reported to the Hotline increase by 33% from 2009 to 2014, up from 109,489 in 2012 to 145,611 in FY 2014.

**Economic Development** – The Indiana Economic Development Corporation (IEDC) is the State of Indiana's chief economic development agency. The IEDC seeks to bring new job creation and capital investment opportunities to Indiana through competitive company attractions, expansions and consolidations. In 2014, Indiana received several accolades for its business environment. This includes ranking 1st in the Midwest and 6th in the nation in Chief Executive magazine's annual "Best & Worst States" survey (May 2014), 1st in the Midwest and 7th in the nation as the best place to do business in the

Pollina Corporate Top 10 Pro-Business States for 2014 study (Aug. 2014), and best in the Midwest and 7th overall in Area Development magazine's "Top States for Doing Business" study (Sept. 2014).

**General Government** – Legislation creating an Automatic Taxpayer Refund (ATR) was enacted in FY 2011, requiring any reserves greater than 10% of FY 2013 appropriations to be divided equally between various pension plans and a refundable tax credit to eligible taxpayers. The total amount of excess reserves at the end of FY 2012 was \$721.28 million, with \$360.64 million going to specified pension plans and an equal amount set aside for taxpayer refunds. The remaining \$360.64 million was issued as refundable tax credits to eligible taxpayers on their 2012 tax returns filed beginning January 1, 2013. For FY 2013, the amount of reserves needed to trigger a transfer was changed to 12.5% of FY 2014 appropriations plus \$50 million, but reserves did not meet that threshold. No calculation of excess reserve was required at the end of FY 2014.

The State continues to administer Retirement Medical Benefits accounts, established as Health Reimbursement Arrangements (HRAs), for most employees and elected officials of the State. The purpose of this defined contribution plan is to allow retirees from State government to have a means to assist with the payment of health insurance premiums in retirement. Funding for the program comes from 4% of State cigarette tax revenues as well as charges to federal and dedicated funds for employees paid from those funds. The plan remained more than 100% funded at the end of FY 2014. These funds are then credited to each employee's account annually based upon their age. There is also a catch-up provision allowing for additional contributions based upon the number of years of service completed by the qualified retiree who retires prior to June 30, 2017.

## Awards and Acknowledgements

### Certificate of Achievement Award

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Indiana for its comprehensive annual financial report for the fiscal year ended June 30, 2013. This was the twenty-first consecutive year that the State of Indiana has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### Acknowledgments

We acknowledge the cooperation and assistance of all State agencies in the preparation of this report.

Sincerely,



Suzanne Crouch  
Auditor of State  
State of Indiana



Christopher D. Atkins  
Director  
Office of Management and Budget



Government Finance Officers Association

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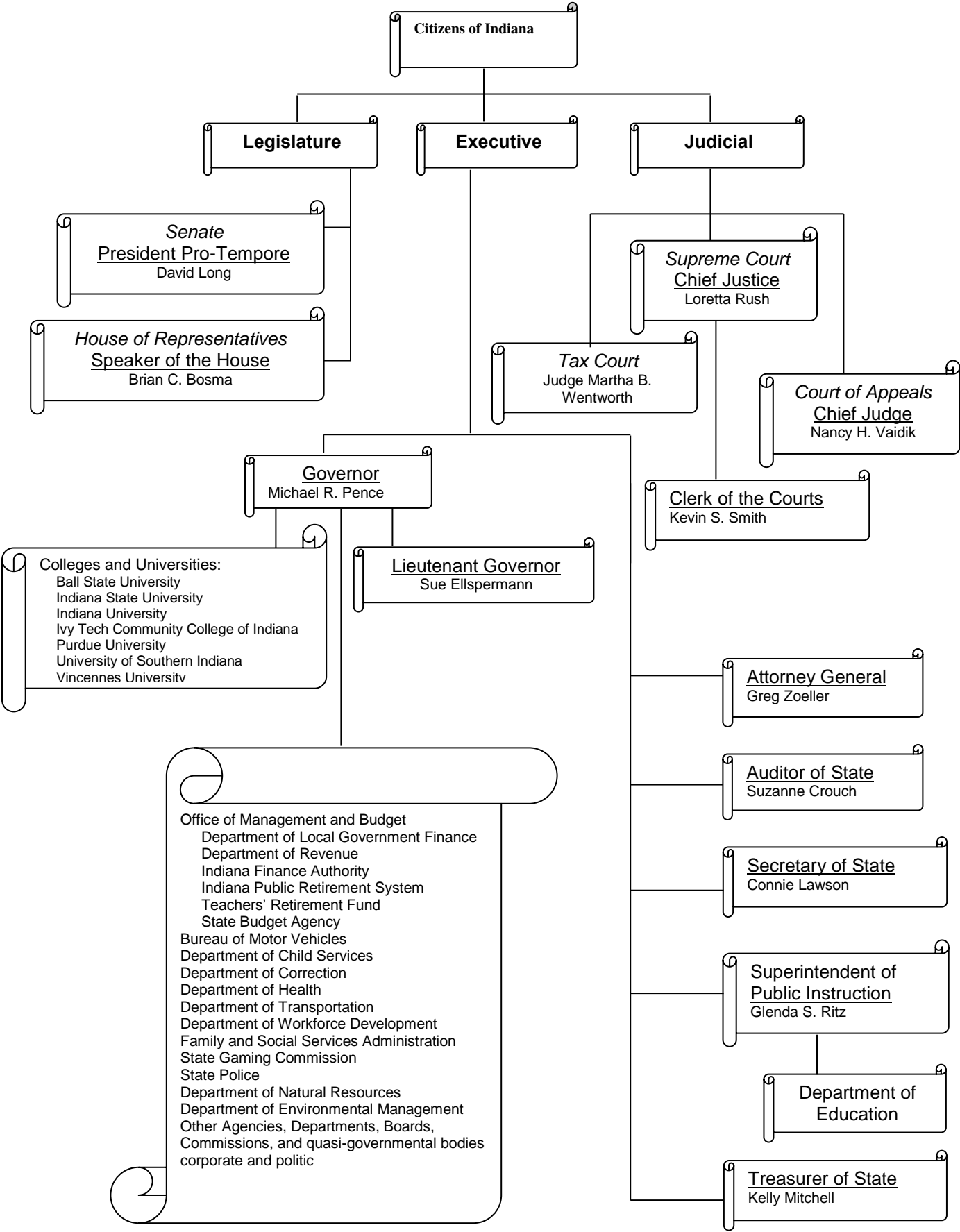
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**State of Indiana**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO





# FINANCIAL SECTION

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## COMPREHENSIVE ANNUAL FINANCIAL REPORT



Photos used with permission of Pacers Sports & Entertainment



# Indiana Basketball

Professional basketball came to Indianapolis in 1967 when eight businessmen invested a few thousand dollars apiece to create the Indiana Pacers franchise as a charter member of the American Basketball Association (ABA). The nickname "Pacers" was decided on through a collective decision of the original investors. It was a combination of the state's rich history with the harness racing pacers and the pace car used for the running of the Indianapolis 500.

The Pacers became a member of the National Basketball Association (NBA) in 1976 as a result of the ABA-NBA merger. They originally played in the Indiana State Fairgrounds Coliseum, but moved to the Market Square Arena in downtown Indianapolis in 1974 where they stayed for 25 years. They moved to Bankers Life Fieldhouse in 1999 where they currently reside.

Over the years the Pacers have been home to a number of top talent including five Hall of Fame members: Reggie Miller, Chris Mullin, Alex English, Mel Daniels and Roger Brown. The team won three championships while in the ABA and eight division titles so far in the NBA. They were also the Eastern Conference champions in 2000.



# STATE OF INDIANA

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## INDEPENDENT AUDITOR'S REPORT

TO: The Honorable Michael R. Pence  
The Members of the General Assembly, and  
The Citizens of the State of Indiana

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Indiana, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the State of Indiana's basic financial statements as listed in the Table of Contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the local government investment pool which represent 100% of the assets, net position, and revenues of the Investment Trust Fund. We also did not audit certain component units of the State of Indiana, as discussed in Note I(A), which represent 34.9%, 27.1%, and 10%, respectively, of the assets, net position, and revenues of the colleges and universities, 100% of the assets, net position, and revenues of the governmental discretely presented component unit, and 99.1%, 98.1%, and 98.7%, respectively, of the assets, net position, and revenues of the proprietary discretely presented component units. We also did not audit the financial statements of the Indiana Public Retirement System, reported as a Fiduciary in Nature Component Unit, as discussed in Note I(A), which represent 97.9%, 97.4%, and 97.4%, respectively, of the assets, net position, and revenues of the Pension and Other Employee Benefit Trust Funds. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those units, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Indiana State Fair Commission, Indiana Political Subdivision Risk Management Commission, and Indiana Public Retirement System were not audited in accordance with *Government Auditing Standards*.

## INDEPENDENT AUDITOR'S REPORT

(Continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Indiana as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis, Schedules of Funding Progress for Employee Retirement Systems and Plans and Other Postemployment Benefit Plans, Schedule of Contributions for the State Police Retirement Fund, Schedule of Employer Contributions for Other Postemployment Benefits, Schedule of Changes in the State Police Retirement Fund's Net Pension Liability and Related Ratios, Schedule of Investment Returns for the State Police Retirement Fund, Budgetary Information and Comparison Schedule for the General Fund and Major Special Revenue Funds, and the Infrastructure Condition Rating and Needed-to-Actual Information as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We, and other auditors, have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Indiana's basic financial statements. The combining and individual non-major and discretely presented component unit fund statements, budgetary comparison schedules for other governmental funds, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the financial statements.




**INDEPENDENT AUDITOR'S REPORT**  
(Continued)

The combining and individual non-major and discretely presented component unit fund statements and budgetary comparison schedules for other governmental funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures as described above, and the report of the other auditors, the individual and combining fund statements of non-major governmental and proprietary funds, internal service funds, fiduciary funds, and nonmajor discretely presented component units, and the budgetary comparison schedules for other governmental funds are fairly stated in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2014, on our consideration of the State of Indiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Indiana's internal control over financial reporting and compliance.

  
Paul D. Joyce, CPA  
State Examiner

December 30, 2014



# MANAGEMENT'S DISCUSSION AND ANALYSIS



**STATE OF INDIANA**  
**Management's Discussion and Analysis**  
**June 30, 2014**

The following discussion and analysis of the State of Indiana's financial performance provides an overview of the State's financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with the transmittal letter at the front of this report and the State's financial statements, which follow this section. Because of prior period adjustments and reclassifications as described in Note IV(G) in the Notes to the Financial Statements, fiscal year (FY) 2013 numbers have been restated.

### **Financial Highlights**

- For FY 2014, on a government-wide basis, the assets of the State of Indiana exceeded its liabilities by \$19.7 billion. This compares with \$18.5 billion for FY 2013, as restated. Of this amount, \$4.8 billion may be used to meet the government's ongoing obligations to citizens and creditors.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1.3 billion, or 11.1% of the total general fund expenditures.
- On a government-wide basis for the primary government, the State incurred expenses net of program revenue of \$14.2 billion, which are offset by general revenues totaling \$15.4 billion, giving an increase in net position of \$1.2 billion.
- General revenue for the primary government increased by \$0.3 billion, or 1.7%, from FY 2013. Sales tax revenues increased by \$150.4 million and individual and corporate income tax revenue increased \$440.8 million indicating the Indiana economy continued to recover from the recession.
- Combined budget balances for FY 2014 were \$2,005.3 million. The balance of \$2,005.3 million consists of \$1,036.4 in the General Fund, \$445.0 million in the Medicaid Contingency Reserve Fund, \$150.0 million in the Tuition Reserve Fund, and \$373.9 million in the Rainy Day Fund.
- \$2,005.3 million represents 13.3% of the General Fund appropriations for FY 2015. These reserve balances will protect the state's critical operations during the next economic downturn.
- Indiana is one of only nine states with the top bond rating from all three major credit rating agencies. According to the independent credit rating agency Standard & Poor's Ratings Service (S&P), the rating "reflects the state's continued strong management that has led to the property tax reform that has realigned state and local spending and is not expected to impact the state's long-term financial performance. As well, the state's commitment to attract diverse jobs through its economic development efforts has translated into a shift away from traditional manufacturing employment." The report said the administration has made significant financial management changes and strengthened budgeting practices.

### Key Economic Indicators

|                                    | <u>Dec. 31, 2013</u> | <u>Dec. 31, 2012</u> | <u>% Change</u> |
|------------------------------------|----------------------|----------------------|-----------------|
| Total Employed Labor Force         | 3,160,697            | 3,157,751            | 0.1%            |
| Total Goods and Service Employment | 2,980,600            | 2,942,800            | 1.3%            |
| Service-Providing Employment       | 2,355,700            | 2,325,500            | 1.3%            |
| Goods-Producing Employment         | 624,900              | 617,300              | 1.2%            |
| Unemployment Rate                  | 6.3%                 | 8.1%                 | -22.2%          |
| Median Household Income            | 47,529               | 46,974               | 1.2%            |

Sources: Indiana Department of Workforce Development, Bureau of Labor Statistics, and U.S. Census Bureau.

Salaries and benefits for State employees represent approximately 8.0% of governmental fund expenditures. The following table shows a ten year history of the count of full time State employees.

### Full Time State Employees Paid Through The Auditor of State's Office

| <u>Year</u> | <u>Governor's<br/>Authority</u> | <u>Judiciary</u> | <u>Other<br/>Elected<br/>Officials</u> | <u>On<br/>Disability<br/>Leave - In<br/>Pay Status</u> | <u>On<br/>Disability<br/>Leave - Not<br/>in Pay<br/>Status</u> | <u>Total</u> |
|-------------|---------------------------------|------------------|--|--|--|--------------|
| 2014        | 28,279                          | 845              | 1,065                                  | 471  | 312  | 30,972       |
| 2013        | 28,398                          | 831              | 1,049                                  | 511  | 345  | 31,134       |
| 2012        | 28,485                          | 835              | 1,049                                  | 545  | 349  | 31,263       |
| 2011        | 28,472                          | 830              | 1,067                                  | 610  | 351  | 31,330       |
| 2010        | 29,911                          | 846              | 1,056                                  | 647  | 341  | 32,801       |
| 2009        | 31,254                          | 835              | 1,093                                  | 624  | 358  | 34,164       |
| 2008        | 32,606                          | 811              | 1,139                                  | 727  | 339  | 35,622       |
| 2007        | 31,524                          | 772              | 1,123                                  | 789  | 313  | 34,521       |
| 2006        | 31,822                          | 753              | 1,102                                  | 941  | 279  | 34,897       |
| 2005        | 34,673                          | 743              | 1,058                                  | 1,077  | 269  | 37,820       |

For more information on personnel paid through the Auditor of State's Office, please read the Statistical Section.



## Overview of the Financial Statements

This Financial Section consists of four parts: management's discussion and analysis (this part), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements include two kinds of statements that present different views of the State. The first two statements are government-wide financial statements that provide both long-term and short-term information about the State's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the State government, reporting the State's operations in more detail than the government-wide statements.

- The governmental fund statements tell how general government services such as public safety, education, and welfare were financed in the short term as well as what remains for future spending.
- Proprietary fund statements offer short and long-term financial information about the activities the government operates like businesses, such as the Unemployment Compensation Fund.
- Fiduciary fund statements provide information about the financial relationships in which the State acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong, such as the retirement plan for the State's employees.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* and *other supplementary information* that further explain and support the information in the financial statements.

### Government-wide Financial Statements

The government-wide financial statements report information about the State as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the State's net position and how they have changed. Net position which equals the State's assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources, is one way to measure

the State's financial health, or position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the State of Indiana is improving or deteriorating. To assess the overall health of the State, additional non-financial factors should be considered, such as changes in the State's tax base, the condition of the State's roads and the State's student population. The government-wide financial statements of the State are divided into three categories:

- **Governmental activities.** Most of the State's basic services are included here, such as the State's roads and bridges, and health and environmental programs. State sales and income taxes and federal grants finance most of these activities.
- **Business-type activities.** The State provides goods and services through these activities that are financed or recovered primarily through fees and user charges. The Unemployment Compensation Fund, the Inns and Concessions Fund, the Indiana Residual Malpractice Insurance Authority, and the Wabash Memorial Bridge Fund are included here.
- **Discretely Presented Component Units.** These are legally separate discretely presented entities for which the State is financially accountable. These include, among others, the Indiana Finance Authority, the State Lottery Commission of Indiana, the Indiana Bond Bank, the Indiana Housing and Community Development Authority, and colleges and universities that receive State funding.

### Fund Financial Statements

The fund financial statements provide more detailed information about the State's most significant funds, not the State as a whole. Funds are accounting devices that the State uses to keep track of specific sources of funding and spending for particular purposes. The State of Indiana uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The State has three kinds of funds: governmental funds, proprietary funds, and fiduciary funds.

1. **Governmental funds.** Most of the State's basic services are included in governmental funds, which focus on (1) cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a

detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the State's programs.

*Relationship and Reconciliation.* Because the information provided in the governmental funds statements does not encompass the additional long-term focus of the government-wide statements, reconciliation pages are provided. On the page following each governmental fund's financial statement, these reconciliations explain the differences between the government-wide and the fund financial statement. Government-wide statements use full accrual accounting. Revenues are recognized when they are earned and expenses are recognized as soon as the liability is incurred, regardless of the timing of related cash inflows and outflows. Governmental fund financial statements use the modified accrual basis of accounting. Revenues are recognized when earned so long as they are collectible within the current period or soon enough afterwards to pay liabilities of the current period. Specific accrued liabilities are recognized as expenditures when payment is due because that is when they are normally liquidated with expendable available financial resources.

Non-current assets such as infrastructure, land, and property, plant and equipment appear on the government-wide statements but not on the governmental fund statements where they are expensed as acquired rather than capitalized. Non-current liabilities such as capital lease payable and net pension obligations also appear on the government-wide statements but not on the fund statements. Internal service funds are

included as part of the governmental activities in the government-wide statements but not the governmental fund financial statements because they provide services to the governmental funds.

2. **Proprietary funds.** Services for which the State charges customers a fee are generally reported in proprietary funds. These funds use the economic resources measurement focus and the accrual basis of accounting. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. In fact, the State's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information such as cash flows. The State uses internal service funds (the other type of proprietary fund) to report activities that provide supplies and services for the State's other programs and activities. An example would be the State Employee Health Insurance Fund.
3. **Fiduciary funds.** The State is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The State is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds use the economic resources measurement focus and the accrual basis of accounting. All of the State's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These activities are excluded from the State's government-wide financial statements because the State cannot use these assets to finance its operations.

## Financial Analysis of the State as a Whole

### Net Position

The following is condensed from the Statement of Net Position:

| <b>State of Indiana</b><br><b>Condensed Schedule of Net Position</b><br>(in millions of dollars) |                                |                    |                                 |                     |                                 |                    |
|--|--------------------------------|--------------------|---------------------------------|---------------------|---------------------------------|--------------------|
| <b>Primary Government</b>  |                                |                    |                                 |                     |                                 |                    |
|  | <b>Governmental Activities</b> |                    | <b>Business-type Activities</b> |                     | <b>Total Primary Government</b> |                    |
|  | <u>2014</u>                    | <u>2013</u>        | <u>2014</u>                     | <u>2013</u>         | <u>2014</u>                     | <u>2013</u>        |
| Current and other assets   | \$ 11,952.6                    | \$ 10,852.8        | \$ 201.9                        | \$ 237.1            | \$ 12,154.5                     | \$ 11,089.9        |
| Capital assets   | 14,982.4                       | 14,456.3           | 0.5                             | 0.7                 | 14,982.9                        | 14,457.0           |
| <b>Total assets</b>  | <u>26,935.0</u>                | <u>25,309.1</u>    | <u>202.4</u>                    | <u>237.8</u>        | <u>27,137.4</u>                 | <u>25,546.9</u>    |
| Current liabilities  | 3,771.7                        | 2,898.4            | 974.4                           | 1,421.7             | 4,746.1                         | 4,320.1            |
| Long-term liabilities  | 2,649.8                        | 2,671.1            | 29.0                            | 29.1                | 2,678.8                         | 2,700.2            |
| <b>Total liabilities</b>   | <u>6,421.5</u>                 | <u>5,569.5</u>     | <u>1,003.4</u>                  | <u>1,450.8</u>      | <u>7,424.9</u>                  | <u>7,020.3</u>     |
| Net position:  |                                |                    |                                 |                     |                                 |                    |
| Net investment in capital assets   | 13,873.8                       | 13,303.4           | 0.5                             | 0.7                 | 13,874.3                        | 13,304.1           |
| Restricted   | 1,000.3                        | 961.1              | -                               | -                   | 1,000.3                         | 961.1              |
| Unrestricted   | 5,639.4                        | 5,475.1            | (801.5)                         | (1,213.7)           | 4,837.9                         | 4,261.4            |
| <b>Total net position</b>  | <u>\$ 20,513.5</u>             | <u>\$ 19,739.6</u> | <u>\$ (801.0)</u>               | <u>\$ (1,213.0)</u> | <u>\$ 19,712.5</u>              | <u>\$ 18,526.6</u> |

At the end of the current fiscal year, net position for the primary government was \$19.7 billion as compared to \$18.5 billion in 2013. There was an increase of \$1.2 billion.

Current and other assets increased by \$1.1 billion with increases in securities lending collateral making up the bulk of this. Statutory automatic taxpayer refunds of \$360.6 million expired in FY 2014 leaving more cash on hand.

Capital assets increased by \$525.9 million. The principal reason for the increase in capital assets was

the increase in land and infrastructure at the Indiana Department of Transportation of \$658.6 million primarily due to the State's Major Moves initiative.

Total liabilities increased by \$404.6 million. This increase is due to increases in securities lending collateral of \$717.7 million and accounts payables of \$82.7 million. These increases are partially offset by the reduction of the amount due to the federal government for unemployment compensation benefits of \$454.7 million.

## Changes in Net Position

The following is condensed from the Statement of Activities:

| State of Indiana<br>Condensed Schedule of Change in Net Position<br>(in millions of dollars) |                         |                    |                   |                     |                    |                    |
|--|-------------------------|--------------------|-------------------|---------------------|--------------------|--------------------|
|  | Primary Government      |                    |                   |                     |                    |                    |
|  | Governmental Activities |                    | Business-type     |                     | Total Primary      |                    |
|  | Activities              |                    | Activities        |                     | Government         |                    |
|  | 2014                    | 2013               | 2014              | 2013                | 2014               | 2013               |
| <b>Revenues</b>  |                         |                    |                   |                     |                    |                    |
| Program revenues:  |                         |                    |                   |                     |                    |                    |
| Charges for services   | \$ 2,418.4              | \$ 2,227.9         | \$ 976.7          | \$ 857.0            | \$ 3,395.1         | \$ 3,084.9         |
| Operating grants and contributions   | 10,393.2                | 10,336.0           | 135.0             | 668.8               | 10,528.2           | 11,004.8           |
| Capital grants and contributions   | 1,180.1                 | 1,270.8            | 0.2               | 0.1                 | 1,180.3            | 1,270.9            |
| General revenues:  |                         |                    |                   |                     |                    |                    |
| Individual and corporate income taxes  | 5,811.8                 | 5,371.0            | -                 | -                   | 5,811.8            | 5,371.0            |
| Sales taxes  | 6,995.7                 | 6,845.3            | -                 | -                   | 6,995.7            | 6,845.3            |
| Other  | 2,580.4                 | 2,917.0            | 1.1               | -                   | 2,581.5            | 2,917.0            |
| <b>Total revenues</b>  | <b>29,379.6</b>         | <b>28,968.0</b>    | <b>1,113.0</b>    | <b>1,525.9</b>      | <b>30,492.6</b>    | <b>30,493.9</b>    |
| <b>Program Expense</b>   |                         |                    |                   |                     |                    |                    |
| General government   | 1,449.9                 | 1,473.9            | -                 | -                   | 1,449.9            | 1,473.9            |
| Public safety  | 1,425.3                 | 1,525.5            | -                 | -                   | 1,425.3            | 1,525.5            |
| Health   | 350.6                   | 409.1              | -                 | -                   | 350.6              | 409.1              |
| Welfare  | 12,493.3                | 12,557.8           | -                 | -                   | 12,493.3           | 12,557.8           |
| Conservation, culture and development  | 523.5                   | 536.6              | -                 | -                   | 523.5              | 536.6              |
| Education  | 10,568.1                | 10,136.6           | -                 | -                   | 10,568.1           | 10,136.6           |
| Transportation   | 1,797.7                 | 1,809.7            | -                 | -                   | 1,797.7            | 1,809.7            |
| Interest expense   | -                       | 0.2                | -                 | -                   | -                  | 0.2                |
| Unemployment compensation fund   | -                       | -                  | 674.8             | 1,160.6             | 674.8              | 1,160.6            |
| Other  | -                       | -                  | 23.5              | 24.7                | 23.5               | 24.7               |
| <b>Total expenses</b>  | <b>28,608.4</b>         | <b>28,449.4</b>    | <b>698.3</b>      | <b>1,185.3</b>      | <b>29,306.7</b>    | <b>29,634.7</b>    |
| Excess (deficiency) before transfers   | 771.2                   | 518.6              | 414.7             | 340.6               | 1,185.9            | 859.2              |
| Transfers  | 2.7                     | 2.8                | (2.7)             | (2.8)               | -                  | -                  |
| <b>Change in net position</b>  | <b>773.9</b>            | <b>521.4</b>       | <b>412.0</b>      | <b>337.8</b>        | <b>1,185.9</b>     | <b>859.2</b>       |
| Beginning net position, as restated  | 19,739.6                | 19,218.2           | (1,213.0)         | (1,550.8)           | 18,526.6           | 17,667.4           |
| Ending net position  | <b>\$ 20,513.5</b>      | <b>\$ 19,739.6</b> | <b>\$ (801.0)</b> | <b>\$ (1,213.0)</b> | <b>\$ 19,712.5</b> | <b>\$ 18,526.6</b> |

## Governmental Activities

Program expenses exceeded program revenues by \$14.6 billion. General revenues and transfers were \$15.4 billion. The increase in net position was \$0.8 billion, which is 2.6% of total revenues and 2.7% of total expenses.

The increase to excess (deficiency) before transfers was \$252.6 million.

Revenues increased mainly because of the increase in general revenues from individual and corporate income taxes and sales taxes. Individual income taxes increased \$440.8 million in FY 2014 due to the expiration of the automatic taxpayer rebate program

of FY 2013. Also contributing to the increase in revenues was the increase in sales tax revenues of \$150.4 million. These increases were partially offset by a decrease in gaming tax revenues of \$107.3 million due to increased competition from surrounding states. In addition, inheritance tax revenues decreased \$104.7 million as this tax is being eliminated.

Expenses increased overall by \$159.0 million or 0.6%.

Education expenditures increased \$431.5 million because the State increased its funding to schools for tuition support and full day kindergarten.

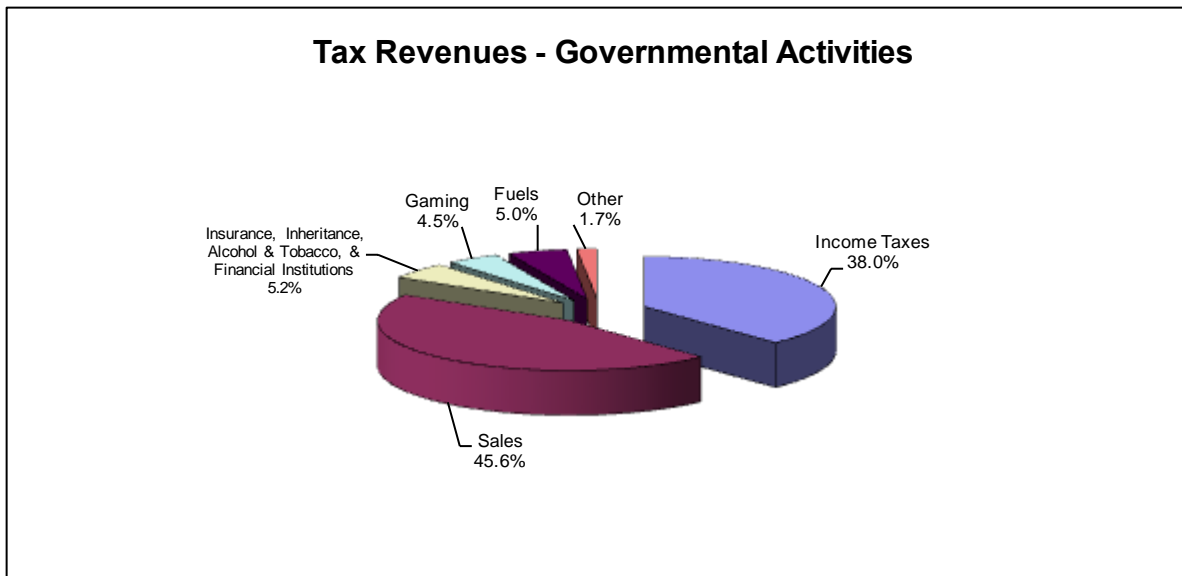
Welfare expenses decreased by \$64.6 million primarily due to decreases in State funding for the DCS Family and Children Fund.

Public safety expenditures decreased by \$100.1 million. The majority of this decrease is due to the

settlement of a specific malpractice claim in FY 2013 from the Patients Compensation Fund.

Health expenditures decreased \$58.2 million due to decreases in spending in the Indiana State Department of Health's Federal Department of Agriculture and Health and Human Services Funds of \$19.7 million, Indiana Check-up Plan of \$11.8 million, and Tobacco Use Prevention and Cessation Fund of \$5.7 million.

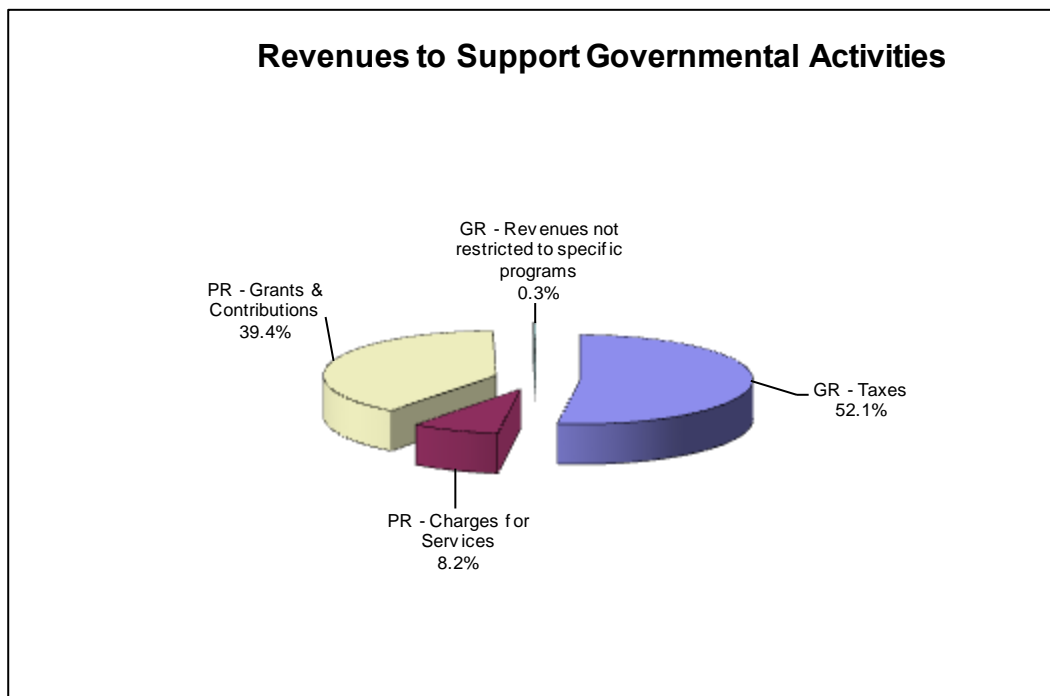
Tax revenues for governmental activities were broken down as follows:



Tax revenues of \$15.3 billion represent 52.1% of total revenues for governmental activities. This compares to \$15.0 billion or 51.9% of total revenues in FY 2013. Program revenues accounted for \$14.0 billion or 47.6% of total revenues. In FY 2013, program revenues accounted for \$13.8 billion or 47.8% of total revenues. General revenues other than tax revenues were \$81.4 million or 0.3% of total revenues. Of this

\$19.8 million were investment earnings. This compares to 2013, when general revenues other than taxes were \$89.7 million or 0.3% of total revenues and \$28.0 million was investment earnings. Investment earnings decreased by \$8.2 million from FY 2013 to FY 2014 or 29.4% due to slightly lower interest rates.

Total revenues for governmental activities were broken down as follows:



PR = program revenues  
GR = general revenues

Total revenues were 102.7% of expenses which was an increase from 101.8% in FY 2013. Total revenues increased 1.4% from \$29.0 billion in FY 2013 to \$29.4 billion in FY 2014. Expenses grew 0.7% from \$28.4 billion in FY 2013 to \$28.6 billion in FY 2014.

The largest portion of the State's expenses is for Welfare, which is \$12.5 billion, or 43.7% of total expenses. This compares with \$12.6 billion, or 44.1% of total expenses in FY 2013. The change in Welfare expenses was a decrease of \$0.1 billion or 0.8%. \$2.8 billion of Welfare expenses in FY 2014 were funded from general revenues.

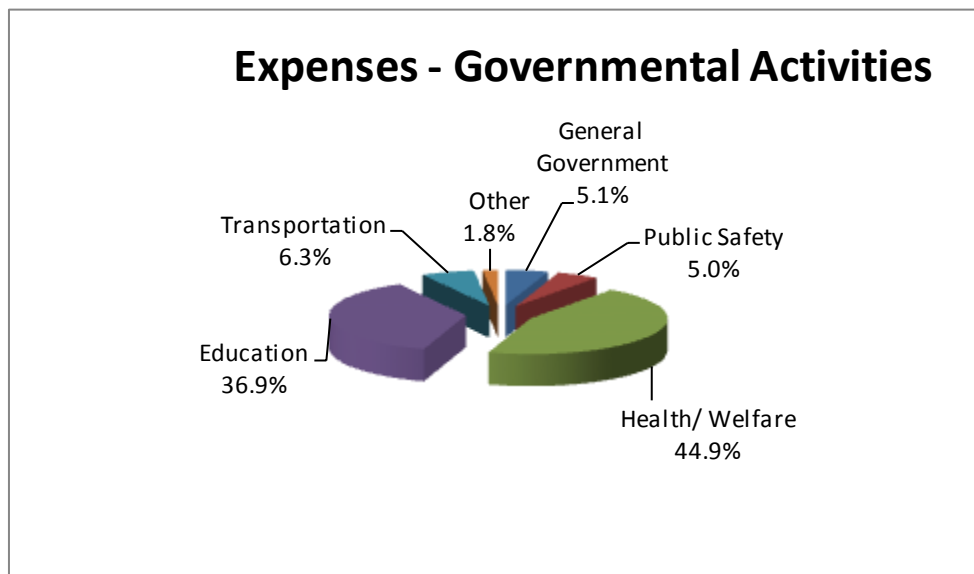
Some of the major expenses were Medicaid assistance, \$8.5 billion, the federal food stamp program in the U.S. Department of Agriculture Fund, \$1.5 billion, and the U.S. Department of Health and Human Services Fund, \$1.4 billion.

Education comprises 36.9%, or \$10.6 billion of the State's expenses. In FY 2013, Education accounted

for 35.6%, or \$10.1 billion, of expenses. The change in Education expenses was an increase of \$0.5 billion, or 5.0%. Some of the major expenses were tuition support and full day kindergarten, \$6.6 billion, General Fund appropriations for State colleges and universities, \$1.5 billion, Teachers' Retirement Pension, \$719.7 million, federal grant programs from the U.S. Department of Education Fund, \$633.8 million, federal grant programs from the U.S. Department of Agriculture Fund, \$381.4 million, and post-retiree pensions, \$69.3 million.

\$1.4 billion, or 5.1% of expenses, was spent for General Government. General Government comprised \$1.5 billion or 5.2% of expenses in FY 2013. General Government includes local distributions and money for State administration and those functions that serve the State as a whole. General government expenditures held steady from FY 2013 to FY 2014.

Total expenses for governmental activities were broken down as follows:



### Business-type Activities

Business-type activities represent 3.7% of the Primary Government's revenues and 2.4% of the expenses. The Unemployment Compensation Fund accounts for 97.6% of business-type activities' operating revenues and 97.1% of operating expenses. The change in net position for business-type activities was an increase of \$412.0 million.

The Unemployment Compensation Fund collects employer taxes and the federal share of unemployment compensation. Benefits are paid to eligible individuals and the fund covers general and

administrative expenses. Revenue in the fund exceeded benefits and administrative expenses paid by \$443.4 million. This compares to FY 2013 when this fund's revenues exceeded expenses by \$384.9 million. Employer contributions into the fund increased by \$0.2 billion, from \$0.8 billion in FY 2013 to \$1.0 billion in FY 2014. Federal revenues into the fund decreased by \$0.5 billion, from \$0.7 billion in FY 2013 to \$0.2 billion in FY 2014. The increase in the net position is primarily due to the reduction in the principal of the title XII loan from the federal government.

The following schedule shows the net expense (revenue) attributable to each function of government. Each function of Indiana government is either self-supporting (a negative number) or requires additional general revenues to cover expenses (a positive number).

| <b>Net Cost of Primary Government<br/>(in millions of dollars)</b> |                      |                      |                 |
|--|----------------------|----------------------|-----------------|
|  | <u>June 30, 2014</u> | <u>June 30, 2013</u> | <u>% Change</u> |
| <b>Governmental Activities:</b>                                    |                      |                      |                 |
| General government   | \$ 842.0             | \$ 980.3             | -14.1%          |
| Public safety  | 743.4                | 850.8                | -12.6%          |
| Health   | 51.4                 | 23.7                 | 116.9%          |
| Welfare  | 2,763.0              | 3,106.8              | -11.1%          |
| Conservation, culture, and development                             | 151.4                | 117.0                | 29.4%           |
| Education  | 9,486.8              | 9,093.9              | 4.3%            |
| Transportation   | 578.6                | 441.8                | 31.0%           |
| Unallocated interest expense                                       | -                    | 0.2                  | -100.0%         |
| <b>Business-type Activities:</b>                                   |                      |                      |                 |
| Unemployment Compensation Fund                                     | (410.5)              | (338.7)              | 21.2%           |
| Malpractice Insurance Authority                                    | -                    | 0.7                  | -100.0%         |
| Inns and Concessions   | (3.1)                | (3.0)                | 3.3%            |
| Wabash Memorial Bridge   | -                    | 0.5                  | 100.0%          |
| <b>Total</b>   | <u>\$ 14,203.0</u>   | <u>\$ 14,274.0</u>   | <u>-0.5%</u>    |

## Financial Analysis of the State's Funds

The following is an analysis of the State's major governmental funds. Please note that transfers in and transfers out for these funds are explained in much greater detail in note IV(B) in the Notes to the Financial Statements.

### General Fund

The General Fund is maintained to account for resources obtained and used for those services traditionally provided by State government which are not required to be accounted for in another fund. The fund balance of the General Fund at June 30, 2014 was \$3.5 billion, which is 65.3% of assets. This compares to a fund balance at June 30, 2013 of \$3.3 billion, which was 73.3% of assets. This indicates that the State's financial position in the General Fund increased from the prior year by \$134.8 million. The fund balance of \$3.5 billion is composed of restrictions of \$379.6 million, commitments of \$5.6 million, and assignments of \$1.7 billion, leaving an unassigned balance of \$1.3 billion. The restricted amount consists of the State's Rainy Day Fund, which is accounted for in the General Fund. For more information on the components of fund balance, see the chart in the Notes to the Financial Statements III(B).

The General Fund's revenues increased 3.4%, or \$456.0 million, from FY 2013, because of the increase in total tax revenue which included a \$449.7 million (8.3%) increase in income tax and a \$147.3 million (2.2%) increase in sales tax. The increase in tax revenues is explained by the expiration of the statutory automatic taxpayer refund program.

General Fund expenditures decreased \$166.6 million, or 1.4% from FY 2013. Distributions to pension funds relating to the automatic taxpayer refund program were not required in FY 2014 as they were in FY 2013, resulting in a \$360.6 million reduction in general government expenditures. Offsetting these decreases was an increase in education expenditures for state schools for tuition support and full day kindergarten of \$118.4 million and General Fund appropriations for state colleges and universities of \$88.5 million.

General Fund transfers in decreased \$264.0 million or 15.7% from FY 2013. Transfers out were \$3.4 billion in FY 2014 as compared to \$3.2 billion in FY 2013. More detail on these transfers can be found in the Notes to the Financial Statements IV(B).

Overall, the net position of the General Fund increased \$134.8 million.

### Public Welfare-Medicaid Assistance Fund

Medicaid is an insurance program for low-income individuals. It is jointly funded by the Federal government and the State. The Medicaid Assistance Fund received \$6.0 billion in Federal revenue as compared to \$5.7 billion in FY 2013. State funding comes through transfers from the General Fund. Transfers in were \$2.0 billion in FY 2014 as compared to \$2.2 billion in FY 2013. Transfers out were \$500.5 million compared with \$565.3 million in FY 2013. The Fund distributed \$8.5 billion in Medicaid assistance during the year, which is an increase of \$250.5 million over FY 2013. The change in fund balance increased \$14.8 million from FY 2013 to FY 2014.

### Major Moves Construction Fund

The Major Moves Construction Fund was created in fiscal year 2006 as part of the leasing of the Indiana Toll Road to Cintra-Macquarie, a private company. This fund distributes money received from the Toll Road lease for new constructions and major preservation of highways and bridges throughout Indiana.

The Major Moves Construction Fund transferred \$305.4 million to the State Highway Fund. \$200.0 million was transferred into the fund from the Major Moves 2020 Trust Fund, which is part of the General Fund. The fund also received \$9.2 million in investment income and made a distribution of \$10.0 million to the Northwest Indiana Regional Development Authority. The change in fund balance from FY 2013 to FY 2014 was a decline of \$137.3 million.



## General Fund Budgetary Highlights

Actual State General Fund revenue collections decreased by \$59.8 million, or 0.4%, in FY 2014. This is the result of both tax cuts enacted in FY 2014 as well as a weaker than projected economy. Actual expenditure growth was 2.15% in FY 2014 compared with growth of nearly 5.9% between FY 1996 and FY 2004. The goal of Governor Pence's administration is to limit year-over-year growth to 2.5%, which is roughly the 5-year inflationary CAGR. At year-end, the State had \$2.0 billion in reserves, with \$1.0 billion residing in the general fund, \$445.0 million in the Medicaid Reserve Fund, \$150.0 million in the Tuition Reserve Fund, and \$373.9 million residing in the

Rainy Day Fund. These changing funding balances are both the result of legislative requirements as well as FY 2014 close out transactions. A transfer of \$150.0 million from the General Fund to the Tuition Reserve Fund was required in the 2013 budget bill. In addition, a transfer of \$250.0 million was made to the Medicaid Reserve Fund. At close out, an additional \$50.0 million was transferred to the Medicaid Reserve Fund increasing the balance to \$445.0 million.

## Capital Asset and Debt Administration

### Capital Assets

Capital assets were \$15.0 billion, which was 55.2% of total assets for the primary government. Related debt was \$1.1 billion. Net investment in capital assets for the primary government was \$13.9 billion. Related debt was 7.3% of capital assets. Total capital assets increased \$526.0 million or 3.6% and is attributable to increases in the Indiana Department of Transportation's land and infrastructure. The net increase in capital assets is comprised of increases for INDOT's capital assets of \$590.9 million, \$2.0 million in internal service funds' capital assets and

\$1.6 million in DOA Public Works CIP with decreases of \$64.2 million in capital assets of the primary government, and software in development of \$3.4 million. INDOT's \$590.9 million increase is comprised of increases in land, \$95.2 million, and infrastructure consisting of interstate roads, non-interstate roads, and bridges, \$563.4 million, and a decrease in CIP consisting of right of way and work in progress, \$67.7 million. More detailed information about the State's capital assets is presented in Note IV(D) to the Financial Statements.

The following table shows the percentage change from fiscal year 2013 to fiscal year 2014.

| State of Indiana<br>Capital Assets<br>(in millions of dollars) |                            |                    |                             |               |                             |                    |                      |
|--|----------------------------|--------------------|-----------------------------|---------------|-----------------------------|--------------------|----------------------|
|  | Governmental<br>Activities |                    | Business-type<br>Activities |               | Total Primary<br>Government |                    | Total<br>%<br>Change |
|  | 2014                       | 2013               | 2014                        | 2013          | 2014                        | 2013               |                      |
| Land   | \$ 1,960.9                 | \$ 1,859.3         | \$ -                        | \$ -          | \$ 1,960.9                  | \$ 1,859.3         | 5.5%                 |
| Infrastructure   | 9,854.3                    | 9,291.5            | -                           | -             | 9,854.3                     | 9,291.5            | 6.1%                 |
| Construction in Progress                                       | 2,015.5                    | 2,085.0            | -                           | -             | 2,015.5                     | 2,085.0            | -3.3%                |
| Property, plant and equipment                                  | 2,689.8                    | 2,709.8            | 1.1                         | 1.1           | 2,690.9                     | 2,710.9            | -0.7%                |
| Computer software  | 60.7                       | 52.8               | -                           | -             | 60.7                        | 52.8               | 15.0%                |
| Less accumulated depreciation                                  | (1,598.8)                  | (1,542.1)          | (0.6)                       | (0.4)         | (1,599.4)                   | (1,542.5)          | 3.7%                 |
| <b>Total</b>   | <b>\$ 14,982.4</b>         | <b>\$ 14,456.3</b> | <b>\$ 0.5</b>               | <b>\$ 0.7</b> | <b>\$ 14,982.9</b>          | <b>\$ 14,457.0</b> | <b>3.6%</b>          |

## Long-term Obligations

Major long-term obligations items are included in the following table. These items comprised 100% of total long-term liabilities and 36.1% of total liabilities.

The following table shows the percentage change from fiscal year 2013 to fiscal year 2014.

| State of Indiana<br>Long-term Liabilities<br>(in millions of dollars) |                            |                   |                             |                |                             |                   |                      |
|---|----------------------------|-------------------|-----------------------------|----------------|-----------------------------|-------------------|----------------------|
|   | Governmental<br>Activities |                   | Business-type<br>Activities |                | Total Primary<br>Government |                   | Total<br>%<br>Change |
|   | 2014                       | 2013              | 2014                        | 2013           | 2014                        | 2013              |                      |
| Accrued liability for compensated absences                            | \$ 146.3                   | \$ 148.6          | \$ 0.6                      | \$ 0.5         | \$ 146.9                    | \$ 149.1          | -1.5%                |
| Intergovernmental payable   | 10.0                       | 20.0              | -                           | -              | 10.0                        | 20.0              | -50.0%               |
| Capital lease payable   | 1,112.6                    | 1,156.9           | -                           | -              | 1,112.6                     | 1,156.9           | -3.8%                |
| Claims payable  | -                          | -                 | 28.4                        | 28.6           | 28.4                        | 28.6              | -0.7%                |
| Net pension obligations   | 1,201.3                    | 1,166.8           | -                           | -              | 1,201.3                     | 1,166.8           | 3.0%                 |
| Other postemployment benefits   | 133.7                      | 134.1             | -                           | -              | 133.7                       | 134.1             | -0.3%                |
| Pollution remediation   | 45.9                       | 44.7              | -                           | -              | 45.9                        | 44.7              | 2.7%                 |
| <b>Total</b>  | <b>\$ 2,649.8</b>          | <b>\$ 2,671.1</b> | <b>\$ 29.0</b>              | <b>\$ 29.1</b> | <b>\$ 2,678.8</b>           | <b>\$ 2,700.2</b> | <b>-0.8%</b>         |

Total long-term liabilities decreased by 0.8% or \$21.3 million. The largest decrease was in capital lease payable of \$44.3 million. Other long-term liabilities to decrease were intergovernmental payables by \$10.0 million and liabilities for compensated absences by \$2.3 million.

The decrease in capital lease payable is due to the repayment of principal by the State Highway Fund for the highway revenue bonds held by the Indiana Finance Authority.

A significant increase in long-term liabilities was for net pension obligations which increased by \$34.5

million. This increase in NPO liability is primarily due to increases in the liabilities of the Teachers' Retirement Fund (pre-1996 Account).

Claims payable for business activities decreased by \$0.2 million. This was the amount of decrease in claims payable for the Indiana Residual Malpractice Insurance Authority.

More detailed information about the State's long term obligations is presented in Note IV(F) to the Financial Statements.

## Infrastructure

As required by GASB Statement No. 34, the State has capitalized its infrastructure. This amounts to \$9.8 billion in roads and bridges using the modified approach, \$1.7 billion in right of way classified as land, and \$23.0 million in property (septic, sewer, and water systems; and streets/sidewalks/curbs) and dams being depreciated. In order to utilize the modified approach, the State is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.
- Perform condition assessments of eligible assets and summarize the results using a measurement scale.
- Estimate each year the annual amount to maintain and preserve the assets at the condition level established and disclosed by the State.

- Document that the assets are being preserved approximately at or above the established condition level.

Under the modified approach, the State expenses certain maintenance and preservation costs and does not report depreciation expense. Assets accounted for under the modified approach include approximately 11,000 centerline road miles of pavement along 214 routes and approximately 5,500 bridges that the State is responsible to maintain.

The State has consistently maintained the assessed conditions of roads over the past three years. It is the State's policy to maintain a network average International Roughness Index based on the right wheel path (IRI RWP) of no more than 101 for Interstate Roads, NHS Non-Interstate and Non-NHS Roads (a good rating is in the range of 80–114). The most recent condition assessment, completed for FY 2014, indicated that the average IRI RWP for roads was in an acceptable range.

The State has maintained the assessed conditions of bridges at levels which are above the established benchmarks. It is the State's policy to maintain Interstate bridges at an average sufficiency rating of 87%, NHS Non-Interstate bridges at an average

sufficiency rating of 85%, and Non-NHS bridges at an average sufficiency rating of 83% (a good rating is 80% - 90%). The most recent condition assessment, completed in FY 2014, indicated that the average sufficiency rating for bridges exceeded the minimum acceptable standard.

Total actual maintenance and preservation costs for roads were lower than planned during fiscal 2014. Various factors contributed to these costs being less than planned including bids under estimates, the deferral of projects as priorities changed, and "shrinkage" which results when the scope of work to be done is refined during the final bidding process. The average IRI RWP for all road categories were either in the good or excellent condition rating range.

Total actual maintenance and preservation costs for bridges were lower than planned including on the interstate, NHS, and non-NHS road classes. Various factors contributed to these costs being less than planned including bids under estimates, the deferral of projects as priorities changed, and shrinkage. Bridge sufficiency ratings were within the State's policy for the maintenance of bridges in all road classes.

## Economic Factors

The economic and revenue forecasts upon which the FY 2013 – FY 2014 State budget was based were presented to the State Budget Committee on April 16, 2013. At that time, Indiana's real Gross Domestic Product (real GDP) was forecast to increase by 2.2% in FY 2014. Personal income was forecasted to increase by 4.6%. The Indiana unemployment rate was forecast to average 7.7% for FY 2014.

With a 2013 Gross Domestic Product of \$294.2 billion, Indiana's economy ranked 16<sup>th</sup> largest in the U.S. in terms of the value of goods and services. Indiana's largest contributor to GDP growth was the manufacturing sector, which accounted for 30.0% of Indiana's GDP in 2013. The nondurable goods

subset of the manufacturing sector was the biggest cause of Indiana's GDP growth in 2013.

In 2013, the manufacturing sector accounted for nearly 16.7% of the jobs in Indiana compared to 20.3% in 2002. The share of employment accounted for by the health care and social services sector increased from 10.2% in 2002 to 12.7% in 2013. Per capita personal income was \$38,622 and the State's unemployment rate averaged 7.5% in 2013.

## **Contacting the Auditor of State**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the State's finances and to demonstrate the State's accountability for the money it receives. If you have questions about this report or need additional

financial information, contact the Auditor of State, Room 240 State House, 200 West Washington Street, Indianapolis, Indiana 46204-2793, telephone (317) 232-3300.



# BASIC FINANCIAL STATEMENTS



# **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

## 24 - State of Indiana - Comprehensive Annual Financial Report

### State of Indiana Statement of Net Position June 30, 2014 (amounts expressed in thousands)

|   | Primary Government         |                             |                      |                      |
|---|----------------------------|-----------------------------|----------------------|----------------------|
|   | Governmental<br>Activities | Business-type<br>Activities | Total                | Component Units      |
| <b>ASSETS</b>   |                            |                             |                      |                      |
| Cash, cash equivalents and investments - unrestricted     | \$ 6,574,898               | \$ 116,095                  | \$ 6,690,993         | \$ 4,825,508         |
| Cash, cash equivalents and investments - restricted       | 373,885                    | -                           | 373,885              | 8,180,806            |
| Securities lending collateral                             | 1,164,156                  | -                           | 1,164,156            | 98,766               |
| Receivables (net)   | 3,140,151                  | 85,074                      | 3,225,225            | 2,662,007            |
| Due from primary government                               | -                          | -                           | -                    | 62,893               |
| Due from component unit                                   | 28,732                     | -                           | 28,732               | -                    |
| Inventory   | 4,871                      | 577                         | 5,448                | 16,269               |
| Prepaid expenses  | 99,702                     | 77                          | 99,779               | 5,551                |
| Loans   | 394,546                    | -                           | 394,546              | 2,277,701            |
| Investment in direct financing lease                      | -                          | -                           | -                    | 2,215,245            |
| Net pension and OPEB assets                               | 169,128                    | -                           | 169,128              | 40,833               |
| Other assets  | 2,505                      | 36                          | 2,541                | 192,053              |
| Capital assets:   |                            |                             |                      |                      |
| Capital assets not being depreciated/amortized            | 13,786,700                 | -                           | 13,786,700           | 1,344,498            |
| Capital assets being depreciated/amortized                | 2,794,572                  | 1,135                       | 2,795,707            | 12,193,506           |
| less accumulated depreciation/amortization                | (1,598,840)                | (600)                       | (1,599,440)          | (5,365,821)          |
| Total capital assets, net of depreciation/amortization    | 14,982,432                 | 535                         | 14,982,967           | 8,172,183            |
| <b>Total assets</b>                                       | <b>26,935,006</b>          | <b>202,394</b>              | <b>27,137,400</b>    | <b>28,749,815</b>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                     |                            |                             |                      |                      |
| Accumulated decrease in fair value of hedging derivatives | -                          | -                           | -                    | 181,255              |
| Deferred debt refunding loss                              | -                          | -                           | -                    | 113,202              |
| <b>Total deferred outflows of resources</b>               | <b>-</b>                   | <b>-</b>                    | <b>-</b>             | <b>294,457</b>       |
| <b>LIABILITIES</b>  |                            |                             |                      |                      |
| Accounts payable  | 2,325,369                  | 23,001                      | 2,348,370            | 431,874              |
| Interest payable  | 3,000                      | 23,740                      | 26,740               | 110,993              |
| Tax refunds payable                                       | 38,214                     | -                           | 38,214               | -                    |
| Payables to other governments                             | 177,637                    | -                           | 177,637              | -                    |
| Due to component unit                                     | 62,893                     | -                           | 62,893               | -                    |
| Due to primary government                                 | -                          | -                           | -                    | 28,732               |
| Unearned revenue  | 188                        | 4,442                       | 4,630                | 523,164              |
| Advances from federal government                          | -                          | 922,562                     | 922,562              | 28,635               |
| Securities lending collateral                             | 1,164,156                  | -                           | 1,164,156            | 98,766               |
| Derivative instrument liability                           | -                          | -                           | -                    | 181,256              |
| Other liabilities   | 291                        | 687                         | 978                  | 225,776              |
| Long-term liabilities:                                    |                            |                             |                      |                      |
| Due within 1 year   | 154,579                    | 3,542                       | 158,121              | 971,910              |
| Due in more than 1 year                                   | 2,495,204                  | 25,453                      | 2,520,657            | 9,305,010            |
| <b>Total liabilities</b>                                  | <b>6,421,531</b>           | <b>1,003,427</b>            | <b>7,424,958</b>     | <b>11,906,116</b>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                      |                            |                             |                      |                      |
| Advanced payment for service concession agreement         | -                          | -                           | -                    | 3,309,502            |
| Deferred service concession arrangement receipts          | -                          | -                           | -                    | 297,060              |
| Deferred debt refunding gain                              | -                          | -                           | -                    | 12                   |
| <b>Total deferred inflows of resources</b>                | <b>-</b>                   | <b>-</b>                    | <b>-</b>             | <b>3,606,574</b>     |
| <b>NET POSITION</b>                                       |                            |                             |                      |                      |
| Net investment in capital assets                          | 13,873,849                 | 535                         | 13,874,384           | 4,406,176            |
| Restricted - nonexpendable:                               |                            |                             |                      |                      |
| Permanent funds   | 521,028                    | -                           | 521,028              | 368,289              |
| Instruction and research                                  | -                          | -                           | -                    | 852,631              |
| Student aid   | -                          | -                           | -                    | 886,249              |
| Other purposes  | 99,702                     | -                           | 99,702               | 101,986              |
| Restricted - expendable:                                  |                            |                             |                      |                      |
| Grants/constitutional restrictions                        | 379,568                    | -                           | 379,568              | 162,152              |
| Future debt service                                       | -                          | -                           | -                    | 294,709              |
| Instruction and research                                  | -                          | -                           | -                    | 701,913              |
| Student aid   | -                          | -                           | -                    | 848,745              |
| Endowments  | -                          | -                           | -                    | 853,991              |
| Capital projects  | -                          | -                           | -                    | 1,599,665            |
| Other purposes  | -                          | -                           | -                    | 318,237              |
| Unrestricted  | 5,639,328                  | (801,568)                   | 4,837,760            | 2,136,839            |
| <b>Total net position</b>                                 | <b>\$ 20,513,475</b>       | <b>\$ (801,033)</b>         | <b>\$ 19,712,442</b> | <b>\$ 13,531,582</b> |

The notes to the financial statements are an integral part of this statement.



**State of Indiana**  
**Statement of Activities**  
**For the Year Ended June 30, 2014**  
(amounts expressed in thousands)

| Functions/Programs                           | Net (Expense) Revenue and Changes in Net Assets |                      |                                    |                         |                          |
|--|---|----------------------|------------------------------------|-------------------------|--------------------------|
|  | Program Revenues                                |                      | Primary Government                 |                         |                          |
|  | Expenses  | Charges for Services | Operating Grants and Contributions | Governmental Activities | Business-type Activities |
| Primary government:                          |   |                      |                                    |                         |                          |
| Governmental activities:                     |   |                      |                                    |                         |                          |
| General government                           | \$ 1,449,872                                    | \$ 527,713           | \$ 78,500                          | \$ (841,950)            | \$ -                     |
| Public safety                                | 1,425,313                                       | 480,497              | 132,540                            | (743,403)               | -                        |
| Health                                       | 350,621   | 101,354              | 197,827                            | (51,440)                | -                        |
| Welfare                                      | 12,493,256                                      | 1,079,528            | 8,650,738                          | (2,762,990)             | (2,762,990)              |
| Conservation, culture and development        | 523,548   | 148,077              | 224,017                            | (151,454)               | -                        |
| Education                                    | 10,568,092                                      | 3,383                | 1,077,864                          | (9,486,845)             | -                        |
| Transportation                               | 1,797,686                                       | 77,861               | 31,705                             | (578,560)               | -                        |
| Total governmental activities                | 28,608,388                                      | 2,418,413            | 10,393,191                         | (14,616,642)            | (14,616,642)             |
| Business-type activities                     |   |                      |                                    |                         |                          |
| Unemployment Compensation Fund               | 674,844   | 950,328              | 134,998                            | -                       | 410,482                  |
| Malpractice Insurance Authority              | 1,855   | 1,851                | -                                  | -                       | (4)                      |
| Inns and Concessions                         | 20,625  | 23,704               | -                                  | -                       | 3,079                    |
| Wabash Memorial Bridge                       | 871   | 783                  | -                                  | -                       | 77                       |
| Total business-type activities               | 698,195   | 976,666              | 134,998                            | -                       | 413,634                  |
| Total primary government                     | \$ 29,306,583                                   | \$ 3,395,079         | \$ 10,528,189                      | (14,616,642)            | (14,203,008)             |
| Component units:                             |   |                      |                                    |                         |                          |
| Governmental                                 | 56,390  | 189                  | 4,354                              | -                       | -                        |
| Proprietary                                  | 2,081,406                                       | 1,623,761            | 517,914                            | -                       | -                        |
| Colleges and universities                    | 6,560,330                                       | 3,457,450            | 1,153,695                          | -                       | -                        |
| Total component units                        | \$ 8,698,126                                    | \$ 5,081,400         | \$ 1,675,963                       | -                       | -                        |
| General Revenues:                            |   |                      |                                    |                         |                          |
| Income tax                                   |   |                      |                                    | \$ 5,811,823            | \$ 5,811,823             |
| Sales tax                                    |   |                      |                                    | 6,995,678               | 6,995,678                |
| Fuels tax                                    |   |                      |                                    | 763,833                 | 763,833                  |
| Gaming tax                                   |   |                      |                                    | 681,383                 | 681,383                  |
| Unemployment tax                             |   |                      |                                    | 914                     | 914                      |
| Inheritance tax                              |   |                      |                                    | 56,166                  | 56,166                   |
| Alcohol & Tobacco tax                        |   |                      |                                    | 445,381                 | 445,381                  |
| Insurance tax                                |   |                      |                                    | 224,711                 | 224,711                  |
| Financial Institutions tax                   |   |                      |                                    | 72,976                  | 72,976                   |
| Other tax                                    |   |                      |                                    | 256,269                 | 256,269                  |
| Total taxes                                  |   |                      |                                    | 15,309,134              | 15,309,134               |
| Revenue not restricted to specific programs: |   |                      |                                    |                         | 835                      |
| Investment earnings                          |   |                      |                                    | 19,769                  | 20,820                   |
| Payments from State of Indiana               |   |                      |                                    | -                       | -                        |
| Other  |   |                      |                                    | 58,912                  | 58,912                   |
| Transfers within primary government          |   |                      |                                    | 2,724                   | -                        |
| Total general revenues and transfers         |   |                      |                                    | 15,390,539              | 15,388,866               |
| Changes in net position                      |   |                      |                                    | 773,897                 | 411,961                  |
| Net position - beginning, as restated        |   |                      |                                    | 19,739,578              | (1,212,994)              |
| Net position - ending                        |   |                      |                                    | \$ 20,513,475           | \$ 19,712,442            |
|  |   |                      |                                    |                         | \$ 13,531,582            |

The notes to the financial statements are an integral part of this statement.

# **FUND FINANCIAL STATEMENTS**

**State of Indiana**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2014**  
(amounts expressed in thousands)

|  | <u>General Fund</u> | <u>Public Welfare-<br/>Medicaid<br/>Assistance Fund</u> | <u>Major Moves<br/>Construction<br/>Fund</u> | <u>Non-Major<br/>Governmental<br/>Funds</u> | <u>Total</u>         |
|--|---------------------|---|--|---|----------------------|
| <b>ASSETS</b>  |                     |   |  |   |                      |
| Cash, cash equivalents and investments-unrestricted                      | \$ 2,146,757        | \$ 348,306  | \$ 637,250                                   | \$ 3,334,187                                | \$ 6,466,500         |
| Cash, cash equivalents and investments-restricted                        | 373,885             | -   | -  | -   | 373,885              |
| Securities lending collateral  | 1,164,156           | -   | -  | -   | 1,164,156            |
| Receivables:   |                     |   |  |   |                      |
| Taxes (net of allowance for uncollectible                                | 1,397,904           | -   | -  | 129,277                                     | 1,527,181            |
| Accounts   | 4,739               | 194,825   | -  | 61,779                                      | 261,343              |
| Grants   | -                   | 280,191   | -  | 315,783                                     | 595,974              |
| Interest   | 6,021               | -   | -  | 36  | 6,057                |
| Interfund loans  | 119,076             | -   | -  | 8,000                                       | 127,076              |
| Due from component unit  | -                   | -   | -  | 28,732                                      | 28,732               |
| Prepaid expenditures   | 99,022              | -   | -  | 680   | 99,702               |
| Loans  | 5,928               | -   | -  | 388,618                                     | 394,546              |
| Other  | 233                 | -   | 44   | 2,228                                       | 2,505                |
| Total assets   | <u>5,317,721</u>    | <u>823,322</u>  | <u>637,294</u>                               | <u>4,269,320</u>                            | <u>11,047,657</u>    |
| <b>Total assets and deferred outflow of resources</b>                    | <u>\$ 5,317,721</u> | <u>\$ 823,322</u>                                       | <u>\$ 637,294</u>                            | <u>\$ 4,269,320</u>                         | <u>\$ 11,047,657</u> |
| <b>LIABILITIES</b>   |                     |   |  |   |                      |
| Accounts payable   | \$ 183,221          | \$ 400,580  | \$ 45  | \$ 448,091                                  | \$ 1,031,937         |
| Salaries and benefits payable  | 54,135              | -   | -  | 47,836                                      | 101,971              |
| Interfund loans  | -                   | -   | -  | 127,076                                     | 127,076              |
| Interfunds services used   | 4,793               | -   | -  | 3,644                                       | 8,437                |
| Intergovernmental payable  | 37,339              | -   | -  | 140,298                                     | 177,637              |
| Due to component unit  | 17,893              | -   | -  | -   | 17,893               |
| Tax refunds payable  | 36,307              | -   | -  | 1,907                                       | 38,214               |
| Accrued liability for compensated absences-current                       | 3,130               | -   | -  | 3,927                                       | 7,057                |
| Other payables   | 233                 | -   | 44   | 160   | 437                  |
| Securities lending collateral  | 1,164,156           | -   | -  | -   | 1,164,156            |
| Total liabilities  | <u>1,501,207</u>    | <u>400,580</u>  | <u>89</u>                                    | <u>772,939</u>                              | <u>2,674,815</u>     |
| <b>DEFERRED INFLOW OF RESOURCES</b>                                      |                     |   |  |   |                      |
| Unavailable revenue  | 344,337             | -   | -  | 31,403                                      | 375,740              |
| Total deferred inflow of resources                                       | <u>344,337</u>      | <u>-</u>  | <u>-</u>                                     | <u>31,403</u>                               | <u>375,740</u>       |
| <b>FUND BALANCE</b>  |                     |   |  |   |                      |
| Nonspendable:  | 99,022              | -   | -  | 521,708                                     | 620,730              |
| Restricted:  | 379,568             | -   | -  | -   | 379,568              |
| Committed:   | 5,648               | -   | -  | 1,133,438                                   | 1,139,086            |
| Assigned:  | 1,660,140           | 422,742   | 637,205                                      | 1,985,179                                   | 4,705,266            |
| Unassigned:  | 1,327,799           | -   | -  | (175,347)                                   | 1,152,452            |
| Total fund balance   | <u>3,472,177</u>    | <u>422,742</u>  | <u>637,205</u>                               | <u>3,464,978</u>                            | <u>7,997,102</u>     |
| <b>Total liabilities, deferred inflow of resources, and fund balance</b> | <u>\$ 5,317,721</u> | <u>\$ 823,322</u>                                       | <u>\$ 637,294</u>                            | <u>\$ 4,269,320</u>                         | <u>\$ 11,047,657</u> |

The notes to the financial statements are an integral part of this statement.

**State of Indiana**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**June 30, 2014**  
(amounts expressed in thousands)

|   |    |           |
|---|----|-----------|
| <b>Total fund balances-governmental funds</b> | \$ | 7,997,102 |
|---|----|-----------|

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

|   |    |                    |            |
|---|----|--------------------|------------|
| Land                                      | \$ | 1,960,899          |            |
| Infrastructure assets                     |    | 9,854,273          |            |
| Construction in progress                  |    | 2,015,498          |            |
| Property, plant, and equipment            |    | 2,611,429          |            |
| Computer software                         |    | 60,663             |            |
| Accumulated depreciation                  |    | <u>(1,539,231)</u> |            |
| Total capital assets, net of depreciation |    |                    | 14,963,531 |

|  |         |
|--|---------|
| The State's pension funds have net pension assets not reported as assets in the funds. | 136,744 |
|--|---------|

Some of the state's receivables will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.

|                     |         |               |         |
|---------------------|---------|---------------|---------|
| Taxes receivable    | 375,740 |               |         |
| Accounts receivable |         | <u>63,982</u> |         |
|                     |         |               | 439,722 |

Some liabilities reported in the statement of net position do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

|                        |           |                 |           |
|------------------------|-----------|-----------------|-----------|
| Accounts payable       | (430,154) |                 |           |
| Litigation liabilities |           | (77,777)        |           |
| Pollution remediation  |           | <u>(27,894)</u> |           |
|                        |           |                 | (535,825) |

|   |         |
|---|---------|
| Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. | 106,647 |
|---|---------|

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

|  |           |                    |                    |
|--|-----------|--------------------|--------------------|
| Accrued liability for compensated absences   | (134,263) |                    |                    |
| Other postemployment benefits                |           | (101,328)          |                    |
| Loan from the Indiana Board for Depositories |           | (45,000)           |                    |
| Capital lease payable                        |           | (1,112,598)        |                    |
| Net pension obligations                      |           | <u>(1,201,257)</u> |                    |
| Total long-term liabilities                  |           |                    | <u>(2,594,446)</u> |

|  |           |                          |
|--|-----------|--------------------------|
| <b>Net position of governmental activities</b> | <b>\$</b> | <b><u>20,513,475</u></b> |
|--|-----------|--------------------------|

The notes to the financial statements are an integral part of this statement.

**State of Indiana**  
**Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2014**  
(amounts expressed in thousands)

|   | <b>General Fund</b> | <b>Public Welfare-<br/>Medicaid<br/>Assistance Fund</b> | <b>Major Moves<br/>Construction<br/>Fund</b> | <b>Non-Major<br/>Governmental<br/>Funds</b> | <b>Total</b>        |
|---|---------------------|---|--|---|---------------------|
| <b>Revenues:</b>  |                     |   |  |   |                     |
| Taxes:  |                     |   |  |   |                     |
| Income  | \$ 5,891,093        | \$ -  | \$ -   | \$ -  | \$ 5,891,093        |
| Sales   | 6,959,789           | -   | -  | 86,945                                      | 7,046,734           |
| Fuels   | 1,648               | -   | -  | 775,800                                     | 777,448             |
| Gaming  | 60,431              | -   | -  | 621,070                                     | 681,501             |
| Unemployment  | -                   | -   | -  | 914   | 914                 |
| Inheritance   | 56,166              | -   | -  | -   | 56,166              |
| Alcohol and tobacco                                       | 274,208             | -   | -  | 173,587                                     | 447,795             |
| Insurance   | 220,124             | -   | -  | 4,588                                       | 224,712             |
| Financial Institutions                                    | -                   | -   | -  | 92,862                                      | 92,862              |
| Other   | 240,070             | -   | -  | 16,233                                      | 256,303             |
| Total taxes   | 13,703,529          | -   | -  | 1,771,999                                   | 15,475,528          |
| Current service charges                                   | 202,310             | 1,040,313   | -  | 1,180,445                                   | 2,423,068           |
| Investment income   | 19,769              | -   | 9,184  | 15,788                                      | 44,741              |
| Sales/rents   | 627                 | -   | -  | 21,466                                      | 22,093              |
| Grants  | 2,291               | 5,963,368   | -  | 5,364,307                                   | 11,329,966          |
| Other   | 54,593              | 29  | -  | 75,047                                      | 129,669             |
| Total revenues  | 13,983,119          | 7,003,710   | 9,184  | 8,429,052                                   | 29,425,065          |
| <b>Expenditures:</b>                                      |                     |   |  |   |                     |
| Current:  |                     |   |  |   |                     |
| General government  | 1,058,290           | -   | -  | 376,612                                     | 1,434,902           |
| Public safety   | 872,232             | -   | -  | 538,491                                     | 1,410,723           |
| Health  | 43,249              | -   | -  | 309,375                                     | 352,624             |
| Welfare   | 673,152             | 8,521,270   | -  | 3,115,120                                   | 12,309,542          |
| Conservation, culture and development                     | 57,687              | -   | -  | 450,653                                     | 508,340             |
| Education   | 9,206,824           | -   | -  | 1,335,263                                   | 10,542,087          |
| Transportation  | 1,558               | -   | 41,019                                       | 2,394,029                                   | 2,436,606           |
| Capital outlay  | -                   | -   | -  | 16,999                                      | 16,999              |
| Total expenditures  | 11,912,992          | 8,521,270   | 41,019                                       | 8,536,542                                   | 29,011,823          |
| Excess (deficiency) of revenues over (under) expenditures | 2,070,127           | (1,517,560)   | (31,835)                                     | (107,490)                                   | 413,242             |
| <b>Other financing sources (uses):</b>                    |                     |   |  |   |                     |
| Transfers in  | 1,418,795           | 2,032,829   | 200,000                                      | 2,546,001                                   | 6,197,625           |
| Transfers (out)   | (3,361,171)         | (500,512)   | (305,441)                                    | (2,025,722)                                 | (6,192,846)         |
| Proceeds from capital lease                               | 7,073               | -   | -  | 3,572                                       | 10,645              |
| Total other financing sources (uses)                      | (1,935,303)         | 1,532,317   | (105,441)                                    | 523,851                                     | 15,424              |
| <b>Net change in fund balances</b>                        | 134,824             | 14,757  | (137,276)                                    | 416,361                                     | 428,666             |
| <b>Fund Balance July 1, as restated</b>                   | 3,337,353           | 407,985   | 774,481                                      | 3,048,617                                   | 7,568,436           |
| <b>Fund Balance June 30</b>                               | <b>\$ 3,472,177</b> | <b>\$ 422,742</b>                                       | <b>\$ 637,205</b>                            | <b>\$ 3,464,978</b>                         | <b>\$ 7,997,102</b> |

The notes to the financial statements are an integral part of this statement.

**State of Indiana**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended June 30, 2014**  
(amounts expressed in thousands)

|  |            |
|--|------------|
| Net change in fund balances-total governmental funds | \$ 428,666 |
|--|------------|

Amounts reported for governmental activities in the statement of activities are different because:

|   |         |
|---|---------|
| Governmental funds report net capital outlays for infrastructure as expenditures. However in the statement of activities these outlays are capitalized and under the modified approach not depreciated. This is the amount of the net capital outlays for infrastructure under the modified approach in the current period. | 590,920 |
|---|---------|

|  |          |
|--|----------|
| Governmental funds report net capital outlays as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$104,496) exceeds net capital outlays (\$38,390) in the current period. | (66,106) |
|--|----------|

|  |           |
|--|-----------|
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. |           |
| Tax revenue  | (169,427) |
| Non-tax revenue  | (2,959)   |

|  |          |
|--|----------|
| Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the funds. |          |
| Operating expenses   | (38,284) |
| Statutory expenses   | 10,000   |
| Amounts due to component units   | 44,384   |

|  |          |
|--|----------|
| The change in net pension assets and net pension obligations do not provide or require the use of current financial resources: |          |
| Decrease in net pension assets   | (12,861) |
| Increase in net pension obligations  | (34,482) |

|   |       |
|---|-------|
| The change in other postemployment benefits do not provide or require the use of current financial resources. | 2,049 |
|---|-------|

|   |        |
|---|--------|
| Internal service funds are used by management to charge the costs of certain activities, such as insurance, data processing, telecommunications, fleet management, and printing, to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities. | 21,997 |
|---|--------|

|  |            |
|--|------------|
| Change in net position of governmental activities. | \$ 773,897 |
|--|------------|

The notes to the financial statements are an integral part of this statement.



**State of Indiana**  
**Statement of Fund Net Position**  
**Proprietary Funds**  
**June 30, 2014**

(amounts expressed in thousands)

|  | Unemployment<br>Compensation Fund | Non-Major Enterprise<br>Funds | Total               | Internal Service<br>Funds |
|--|-----------------------------------|-------------------------------|---------------------|---------------------------|
| <b>Assets</b>  |                                   |                               |                     |                           |
| Current assets:  |                                   |                               |                     |                           |
| Cash, cash equivalents and investments - unrestricted  | \$ 41,797                         | \$ 74,298                     | \$ 116,095          | \$ 108,398                |
| Receivables:   |                                   |                               |                     |                           |
| Accounts   | 83,920                            | 688                           | 84,608              | 26,051                    |
| Interest   | -                                 | 466                           | 466                 | -                         |
| Interfund services provided                            | -                                 | -                             | -                   | 8,438                     |
| Inventory  | -                                 | 577                           | 577                 | 4,871                     |
| Prepaid expenses                                       | -                                 | 77                            | 77                  | -                         |
| Other assets   | -                                 | 36                            | 36                  | -                         |
| Total current assets                                   | 125,717                           | 76,142                        | 201,859             | 147,758                   |
| Noncurrent assets:                                     |                                   |                               |                     |                           |
| Capital assets:  |                                   |                               |                     |                           |
| Capital assets being depreciated/amortized             | -                                 | 1,135                         | 1,135               | 78,511                    |
| less accumulated depreciation/amortization             | -                                 | (600)                         | (600)               | (59,610)                  |
| Total capital assets, net of depreciation/amortization | -                                 | 535                           | 535                 | 18,901                    |
| Total noncurrent assets                                | -                                 | 535                           | 535                 | 18,901                    |
| <b>Total assets</b>                                    | <b>125,717</b>                    | <b>76,677</b>                 | <b>202,394</b>      | <b>166,659</b>            |
| <b>Liabilities</b>                                     |                                   |                               |                     |                           |
| Current liabilities:                                   |                                   |                               |                     |                           |
| Accounts payable                                       | 21,836                            | 732                           | 22,568              | 52,216                    |
| Claims payable   | -                                 | 3,327                         | 3,327               | -                         |
| Salaries and benefits payable                          | -                                 | 433                           | 433                 | 2,610                     |
| Interest payable                                       | 23,740                            | -                             | 23,740              | -                         |
| Accrued liability for compensated absences             | -                                 | 215                           | 215                 | 2,698                     |
| Due to federal government (net)                        | 922,562                           | -                             | 922,562             | -                         |
| Unearned revenue                                       | -                                 | 4,442                         | 4,442               | 188                       |
| Other liabilities                                      | -                                 | 687                           | 687                 | 4                         |
| Total current liabilities                              | 968,138                           | 9,836                         | 977,974             | 57,716                    |
| Noncurrent liabilities:                                |                                   |                               |                     |                           |
| Accrued liability for compensated absences             | -                                 | 365                           | 365                 | 2,296                     |
| Claims payable   | -                                 | 25,088                        | 25,088              | -                         |
| Total noncurrent liabilities                           | -                                 | 25,453                        | 25,453              | 2,296                     |
| <b>Total liabilities</b>                               | <b>968,138</b>                    | <b>35,289</b>                 | <b>1,003,427</b>    | <b>60,012</b>             |
| <b>Net position</b>                                    |                                   |                               |                     |                           |
| Net investment in capital assets                       | -                                 | 535                           | 535                 | 18,902                    |
| Unrestricted (deficit)                                 | (842,421)                         | 40,853                        | (801,568)           | 87,745                    |
| <b>Total net position</b>                              | <b>\$ (842,421)</b>               | <b>\$ 41,388</b>              | <b>\$ (801,033)</b> | <b>\$ 106,647</b>         |

The notes to the financial statements are an integral part of this statement.



**State of Indiana**  
**Statement of Revenues, Expenses and**  
**Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2014**

(amounts expressed in thousands)

|  | Unemployment<br>Compensation Fund | Non-Major Enterprise<br>Funds | Total               | Internal Service<br>Funds |
|--|-----------------------------------|-------------------------------|---------------------|---------------------------|
| <b>Operating revenues:</b>                       |                                   |                               |                     |                           |
| Sales/rents/premiums                             | \$ -                              | \$ 26,093                     | \$ 26,093           | \$ 545,029                |
| Employer contributions                           | 950,328                           | -                             | 950,328             | -                         |
| Charges for services                             | -                                 | -                             | -                   | 9,445                     |
| Federal revenues                                 | 135,311                           | -                             | 135,311             | -                         |
| Other  | -                                 | 245                           | 245                 | 1,748                     |
| <b>Total operating revenues</b>                  | <b>1,085,639</b>                  | <b>26,338</b>                 | <b>1,111,977</b>    | <b>556,222</b>            |
| Cost of sales                                    | -                                 | 4,294                         | 4,294               | 23,681                    |
| <b>Gross margin</b>                              | <b>1,085,639</b>                  | <b>22,044</b>                 | <b>1,107,683</b>    | <b>532,541</b>            |
| <b>Operating expenses:</b>                       |                                   |                               |                     |                           |
| General and administrative expense               | 3,606                             | 17,526                        | 21,132              | 150,633                   |
| Claims expense                                   | -                                 | 1,342                         | 1,342               | -                         |
| Health / disability benefit payments             | -                                 | -                             | -                   | 342,881                   |
| Unemployment compensation benefits               | 638,603                           | -                             | 638,603             | -                         |
| Depreciation and amortization                    | -                                 | 155                           | 155                 | 6,428                     |
| Other  | -                                 | 34                            | 34                  | -                         |
| <b>Total operating expenses</b>                  | <b>642,209</b>                    | <b>19,057</b>                 | <b>661,266</b>      | <b>499,942</b>            |
| <b>Operating income (loss)</b>                   | <b>443,430</b>                    | <b>2,987</b>                  | <b>446,417</b>      | <b>32,599</b>             |
| <b>Nonoperating revenues (expenses):</b>         |                                   |                               |                     |                           |
| Interest and other investment income             | -                                 | 1,051                         | 1,051               | -                         |
| Interest and other investment expense            | (32,635)                          | -                             | (32,635)            | -                         |
| Gain (Loss) on disposition of assets             | -                                 | -                             | -                   | 1,859                     |
| Federal grants                                   | (313)                             | -                             | (313)               | -                         |
| Contributions to other postemployment benefits   | -                                 | -                             | -                   | (10,407)                  |
| <b>Total nonoperating revenues (expenses)</b>    | <b>(32,948)</b>                   | <b>1,051</b>                  | <b>(31,897)</b>     | <b>(8,548)</b>            |
| <b>Income before contributions and transfers</b> | <b>410,482</b>                    | <b>4,038</b>                  | <b>414,520</b>      | <b>24,051</b>             |
| Capital contributions                            | -                                 | 165                           | 165                 | -                         |
| Transfers in                                     | -                                 | -                             | -                   | 1,638                     |
| Transfers (out)                                  | -                                 | (2,724)                       | (2,724)             | (3,692)                   |
| <b>Change in net position</b>                    | <b>410,482</b>                    | <b>1,479</b>                  | <b>411,961</b>      | <b>21,997</b>             |
| <b>Total net position, July 1, as restated</b>   | <b>(1,252,903)</b>                | <b>39,909</b>                 | <b>(1,212,994)</b>  | <b>84,650</b>             |
| <b>Total net position, June 30</b>               | <b>\$ (842,421)</b>               | <b>\$ 41,388</b>              | <b>\$ (801,033)</b> | <b>\$ 106,647</b>         |

The notes to the financial statements are an integral part of this statement.

**State of Indiana**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2014**

(amounts expressed in thousands)

|  | <b>Unemployment<br/>Compensation<br/>Fund</b> | <b>Non-Major<br/>Enterprise Funds</b> | <b>Total</b>      | <b>Internal Service<br/>Funds</b> |
|--|---|---------------------------------------|-------------------|-----------------------------------|
| <b>Cash flows from operating activities:</b>                         |   |                                       |                   |                                   |
| Cash received from customers   | \$ 968,676                                    | \$ 26,675                             | \$ 995,351        | \$ 554,969                        |
| Cash received from federal government                                | 135,311                                       | -                                     | 135,311           | -                                 |
| Cash paid for general and administrative                             | (3,606)                                       | (16,706)                              | (20,312)          | (149,890)                         |
| Cash paid for salary/health/disability benefit payments              | -   | -                                     | -                 | (341,741)                         |
| Cash paid to suppliers   | -   | (4,844)                               | (4,844)           | (23,193)                          |
| Cash paid for claims expense   | (617,824)                                     | (1,577)                               | (619,401)         | -                                 |
| Net cash provided (used) by operating activities                     | 482,557                                       | 3,548                                 | 486,105           | 40,145                            |
| <b>Cash flows from noncapital financing activities:</b>              |   |                                       |                   |                                   |
| Transfers in   | -   | -                                     | -                 | 1,638                             |
| Transfers out  | -   | (2,724)                               | (2,724)           | (3,692)                           |
| Interest on loan from federal government                             | (43,002)                                      | -                                     | (43,002)          | -                                 |
| Repayment of loan from federal government                            | (454,733)                                     | -                                     | (454,733)         | -                                 |
| Contributions to other postemployment benefits                       | -   | -                                     | -                 | (10,407)                          |
| Net cash provided (used) by noncapital financing activities          | (497,735)                                     | (2,724)                               | (500,459)         | (12,461)                          |
| <b>Cash flows from capital and related financing activities:</b>     |   |                                       |                   |                                   |
| Acquisition/construction of capital assets                           | -   | (26)                                  | (26)              | (7,722)                           |
| Proceeds from sale of assets   | -   | -                                     | -                 | 1,876                             |
| Capital contributions  | -   | 165                                   | 165               | -                                 |
| Net cash provided (used) by capital and related financing activities | -   | 139                                   | 139               | (5,846)                           |
| <b>Cash flows from investing activities:</b>                         |   |                                       |                   |                                   |
| Proceeds from sales of investments                                   | -   | 9,500                                 | 9,500             | -                                 |
| Purchase of investments  | -   | (9,505)                               | (9,505)           | -                                 |
| Interest income (expense) on investments                             | -   | 2,116                                 | 2,116             | -                                 |
| Net cash provided (used) by investing activities                     | -   | 2,111                                 | 2,111             | -                                 |
| <b>Net increase (decrease) in cash and cash equivalents</b>          | (15,178)                                      | 3,074                                 | (12,104)          | 21,838                            |
| <b>Cash and cash equivalents, July 1</b>                             | 56,975  | 8,965                                 | 65,940            | 86,560                            |
| <b>Cash and cash equivalents, June 30</b>                            | <b>\$ 41,797</b>                              | <b>\$ 12,039</b>                      | <b>\$ 53,836</b>  | <b>\$ 108,398</b>                 |
| <b>Reconciliation of cash , cash equivalents and investments:</b>    |   |                                       |                   |                                   |
| Cash and cash equivalents unrestricted at end of year                | \$ 41,797                                     | \$ 12,039                             | \$ 53,836         | \$ 108,398                        |
| Investments unrestricted   | -   | 62,259                                | 62,259            | -                                 |
| <b>Cash, cash equivalents and investments per balance sheet</b>      | <b>\$ 41,797</b>                              | <b>\$ 74,298</b>                      | <b>\$ 116,095</b> | <b>\$ 108,398</b>                 |
| <b>Noncash investing, capital and financing activities:</b>          |   |                                       |                   |                                   |
| Increase (Decrease) in fair value of investments                     | \$ -  | \$ (1,054)                            | \$ (1,054)        | \$ -                              |

**State of Indiana**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2014**

(amounts expressed in thousands)

|   | <b>Unemployment<br/>Compensation<br/>Fund</b> | <b>Non-Major<br/>Enterprise Funds</b> | <b>Total</b>      | <b>Internal Service<br/>Funds</b> |
|---|---|---------------------------------------|-------------------|-----------------------------------|
| <b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>        |   |                                       |                   |                                   |
| Operating income (loss)   | \$ 443,430                                    | \$ 2,987                              | \$ 446,417        | \$ 32,599                         |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: |   |                                       |                   |                                   |
| Depreciation/amortization expense   | -   | 155                                   | 155               | 6,428                             |
| (Increase) decrease in receivables  | 21,668  | 96                                    | 21,764            | (1,327)                           |
| (Increase) decrease in interfund services provided  | -   | -                                     | -                 | 76                                |
| (Increase) decrease in inventory  | -   | 28                                    | 28                | 713                               |
| (Increase) decrease in prepaid expenses   | -   | 7                                     | 7                 | -                                 |
| Increase (decrease) in claims payable   | -   | (235)                                 | (235)             | -                                 |
| Increase (decrease) in health and disability benefits payable   | -   | -                                     | -                 | 1,140                             |
| Increase (decrease) in accounts payable   | 17,459  | 152                                   | 17,611            | 485                               |
| Increase (decrease) in unearned revenue   | -   | 101                                   | 101               | (1)                               |
| Increase (decrease) in salaries payable   | -   | 34                                    | 34                | 196                               |
| Increase (decrease) in compensated absences   | -   | 102                                   | 102               | (166)                             |
| Increase (decrease) in other payables   | -   | 121                                   | 121               | 2                                 |
| Net cash provided (used) by operating activities  | <u>\$ 482,557</u>                             | <u>\$ 3,548</u>                       | <u>\$ 486,105</u> | <u>\$ 40,145</u>                  |

The notes to the financial statements are an integral part of this statement.

**State of Indiana**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2014**  
(amounts expressed in thousands)

|  | <b>Pension and Other<br/>Employee Benefit<br/>Trust Funds</b> | <b>Private-Purpose<br/>Trust Funds</b> | <b>Investment Trust<br/>Fund</b> | <b>Agency Funds</b> |
|--|---|--|----------------------------------|---------------------|
| <b>Assets:</b>   |   |  |                                  |                     |
| Cash, cash equivalents and non-pension investments               | \$ 126,270  | \$ 36,684                              | \$ -                             | \$ 609,655          |
| Securities lending collateral                                    | 2,168,992   | -                                      | -                                | -                   |
| Receivables:   |   |  |                                  |                     |
| Taxes  | -   | 4,730                                  | -                                | 183,622             |
| Contributions  | 11,963  | -                                      | -                                | -                   |
| Interest   | 88,071  | 1                                      | 45                               | -                   |
| Member loans   | 180   | -                                      | -                                | -                   |
| From investment sales  | 4,503,959   | -                                      | -                                | -                   |
| Other  | 3,935   | -                                      | -                                | 59                  |
| Total receivables  | 4,608,108   | 4,731                                  | 45                               | 183,681             |
| Pension and other employee benefit investments at fair value:    |   |  |                                  |                     |
| Short term investments   | 1,330,863   | -                                      | -                                | -                   |
| Equity Securities  | 7,853,562   | -                                      | -                                | -                   |
| Debt Securities  | 12,781,505  | -                                      | -                                | -                   |
| Other  | 9,255,727   | -                                      | -                                | -                   |
| Total investments at fair value                                  | 31,221,657  | -                                      | -                                | -                   |
| Pool Investments at Amortized Cost:                              |   |  |                                  |                     |
| Cash and cash equivalents  | -   | -                                      | 146,764                          | -                   |
| U.S. Government Agencies   | -   | -                                      | 64,399                           | -                   |
| Commercial Paper   | -   | -                                      | 69,726                           | -                   |
| Total investments at amortized cost                              | -   | -                                      | 280,889                          | -                   |
| Other assets   | 408   | -                                      | -                                | -                   |
| Property, plant and equipment<br>net of accumulated depreciation | 9,203   | -                                      | -                                | -                   |
| <b>Total assets</b>  | <b>38,134,638</b>   | <b>41,415</b>                          | <b>280,934</b>                   | <b>\$ 793,336</b>   |
| <b>Liabilities:</b>  |   |  |                                  |                     |
| Accounts/escrows payable   | 5,082   | 1,378                                  | 17                               | \$ 793,336          |
| Salaries and benefits payable                                    | 3,236   | 101                                    | -                                | -                   |
| Benefits payable   | 95,254  | -                                      | -                                | -                   |
| Intergovernmental payable  | -   | 2,175                                  | -                                | -                   |
| Investment purchases payable                                     | 4,616,227   | -                                      | -                                | -                   |
| Securities purchased payable                                     | 225,767   | -                                      | -                                | -                   |
| Securities lending collateral                                    | 2,168,992   | -                                      | -                                | -                   |
| Other  | 17,167  | -                                      | 16                               | -                   |
| <b>Total liabilities</b>   | <b>7,131,725</b>  | <b>3,654</b>                           | <b>33</b>                        | <b>\$ 793,336</b>   |
| <b>Net Position</b>  |   |  |                                  |                     |
| Restricted for:  |   |  |                                  |                     |
| Employees' pension benefits                                      | 30,652,059  | -                                      | -                                | -                   |
| OPEB benefits  | 337,763   | -                                      | -                                | -                   |
| Future death benefits  | 13,091  | -                                      | -                                | -                   |
| Trust beneficiaries  | -   | 37,761                                 | -                                | -                   |
| Investment pool participants                                     | -   | -                                      | 280,901                          | -                   |
| <b>Total net position</b>  | <b>\$ 31,002,913</b>  | <b>\$ 37,761</b>                       | <b>\$ 280,901</b>                |                     |

The notes to the financial statements are an integral part of this statement.

**State of Indiana**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2014**

(amounts expressed in thousands)

|   | <b>Pension and Other<br/>Employee Benefit<br/>Trust Funds</b> | <b>Private-Purpose<br/>Trust Funds</b> | <b>Investment Trust<br/>Fund</b> |
|---|---|--|----------------------------------|
| <b>Additions:</b>                                   |   |  |                                  |
| Member contributions                                | \$ 355,050  | \$ 3,288                               | \$ 165,563                       |
| Employer contributions                              | 982,135   | -                                      | -                                |
| Contributions from the State of Indiana             | 826,142   | -                                      | -                                |
| Net investment income (loss)                        | 3,669,216   | 44                                     | 703                              |
| Less investment expense                             | (189,400)   | -                                      | -                                |
| Taxes   | -   | 85,563                                 | -                                |
| Donations/escheats                                  | -   | 118,282                                | -                                |
| Transfers from other retirement funds               | 15,582  | -                                      | -                                |
| Reinvestment of distributions                       | -   | -                                      | 268                              |
| Other   | 376   | -                                      | -                                |
| <b>Total additions</b>                              | <b>5,659,624</b>  | <b>207,177</b>                         | <b>166,534</b>                   |
| <b>Deductions:</b>                                  |   |  |                                  |
| Pension and disability benefits                     | 2,248,979   | -                                      | -                                |
| Retiree health benefits                             | 40,346  | -                                      | -                                |
| Death benefits                                      | 870   | -                                      | -                                |
| Payments to participants/beneficiaries              | -   | 200,945                                | 265                              |
| Refunds of contributions and interest               | 87,375  | -                                      | 277,966                          |
| Administrative                                      | 35,962  | -                                      | 255                              |
| Capital projects                                    | 8,855   | -                                      | -                                |
| Transfers to other retirement funds                 | 15,582  | -                                      | -                                |
| Other   | 15  | -                                      | 183                              |
| <b>Total deductions</b>                             | <b>2,437,984</b>  | <b>200,945</b>                         | <b>278,669</b>                   |
| <b>Net increase (decrease) in net position</b>      | <b>3,221,640</b>  | <b>6,232</b>                           | <b>(112,135)</b>                 |
| <b>Net position restricted, July 1, as restated</b> | <b>27,781,273</b>   | <b>31,529</b>                          | <b>393,036</b>                   |
| <b>Net position restricted, June 30</b>             | <b>\$ 31,002,913</b>  | <b>\$ 37,761</b>                       | <b>\$ 280,901</b>                |

The notes to the financial statements are an integral part of this statement.

**State of Indiana**  
**Combining Statement of Net Position**  
**Discretely Presented Component Units**  
**June 30, 2014**  
**(amounts expressed in thousands)**

|   | Governmental   | Proprietary       | Colleges and Universities | Total             |
|---|----------------|-------------------|---------------------------|-------------------|
| <b>Assets</b>   |                |                   |                           |                   |
| Current assets:   |                |                   |                           |                   |
| Cash, cash equivalents and investments - unrestricted     | \$ 148,013     | \$ 592,293        | \$ 753,887                | \$ 1,494,193      |
| Cash, cash equivalents and investments - restricted       | 300            | 1,303,847         | 752,416                   | 2,056,563         |
| Securities lending collateral                             | -              | -                 | 98,766                    | 98,766            |
| Receivables (net)   | 845            | 446,161           | 408,930                   | 855,936           |
| Due from primary government                               | -              | 5,287             | 17,606                    | 22,893            |
| Inventory   | -              | 206               | 16,063                    | 16,269            |
| Prepaid expenses  | -              | 1,493             | 4,058                     | 5,551             |
| Loans   | -              | 148,041           | -                         | 148,041           |
| Investment in direct financing lease                      | -              | 77,188            | -                         | 77,188            |
| Other assets  | -              | 1,958             | 141,424                   | 143,382           |
| Total current assets                                      | 149,158        | 2,576,474         | 2,193,150                 | 4,918,782         |
| Noncurrent assets:  |                |                   |                           |                   |
| Cash, cash equivalents and investments - unrestricted     | -              | 349,408           | 2,981,907                 | 3,331,315         |
| Cash, cash equivalents and investments - restricted       | -              | 964,508           | 5,159,735                 | 6,124,243         |
| Receivables (net)   | -              | 1,281,748         | 524,323                   | 1,806,071         |
| Due from primary government                               | -              | 40,000            | -                         | 40,000            |
| Loans   | 37,114         | 2,092,546         | -                         | 2,129,660         |
| Investment in direct financing lease                      | -              | 2,138,057         | -                         | 2,138,057         |
| Net pension and OPEB assets                               | -              | 4,990             | 35,843                    | 40,833            |
| Other assets  | -              | 4,439             | 44,232                    | 48,671            |
| Capital assets:   |                |                   |                           |                   |
| Capital assets not being depreciated/amortized            | -              | 691,872           | 652,626                   | 1,344,498         |
| Capital assets being depreciated/amortized                | 440            | 935,609           | 11,257,457                | 12,193,506        |
| less accumulated depreciation/amortization                | (287)          | (391,929)         | (4,973,605)               | (5,365,821)       |
| Total capital assets, net of depreciation/amortization    | 153            | 1,235,552         | 6,936,478                 | 8,172,183         |
| Total noncurrent assets                                   | 37,267         | 8,111,248         | 15,682,518                | 23,831,033        |
| <b>Total assets</b>                                       | <b>186,425</b> | <b>10,687,722</b> | <b>17,875,668</b>         | <b>28,749,815</b> |
| <b>Deferred Outflows of Resources</b>                     |                |                   |                           |                   |
| Accumulated decrease in fair value of hedging derivatives | -              | 179,166           | 2,089                     | 181,255           |
| Deferred debt refunding loss                              | -              | 89,404            | 23,798                    | 113,202           |
| <b>Total deferred outflows of resources</b>               | <b>-</b>       | <b>268,570</b>    | <b>25,887</b>             | <b>294,457</b>    |
| <b>Liabilities</b>  |                |                   |                           |                   |
| Current liabilities:                                      |                |                   |                           |                   |
| Accounts payable  | 3,416          | 40,879            | 387,579                   | 431,874           |
| Interest payable  | -              | 78,868            | 32,125                    | 110,993           |
| Due to primary government                                 | -              | 28,732            | -                         | 28,732            |
| Unearned revenue  | 12,892         | 298,019           | 168,120                   | 479,031           |
| Securities lending collateral                             | -              | -                 | 98,766                    | 98,766            |
| Accrued liability for compensated absences                | -              | 213               | 88,792                    | 89,005            |
| Other liabilities   | 346            | 35,629            | 54,871                    | 90,846            |
| Current portion of long-term liabilities                  | 258            | 595,306           | 287,341                   | 882,905           |
| Total current liabilities                                 | 16,912         | 1,077,646         | 1,117,594                 | 2,212,152         |

**State of Indiana**  
**Combining Statement of Net Position**  
**Discretely Presented Component Units**  
**June 30, 2014**  
**(amounts expressed in thousands)**

|   | Governmental      | Proprietary         | Colleges and Universities | Total                |
|---|-------------------|---------------------|---------------------------|----------------------|
| Noncurrent liabilities:                           |                   |                     |                           |                      |
| Accrued liability for compensated absences        | -                 | 135                 | 64,784                    | <b>64,919</b>        |
| Accrued prize liabilities                         | -                 | 116,686             | -                         | <b>116,686</b>       |
| Net pension and OPEB liabilities                  | -                 | 22                  | 100,096                   | <b>100,118</b>       |
| Unearned revenue                                  | -                 | 5,062               | 39,071                    | <b>44,133</b>        |
| Funds held in trust for others                    | -                 | -                   | 243,242                   | <b>243,242</b>       |
| Advances from federal government                  | -                 | -                   | 28,635                    | <b>28,635</b>        |
| Revenue bonds/notes payable                       | -                 | 6,102,829           | 2,677,216                 | <b>8,780,045</b>     |
| Derivative instrument liability                   | -                 | 179,167             | 2,089                     | <b>181,256</b>       |
| Other noncurrent liabilities                      | -                 | 44,135              | 90,795                    | <b>134,930</b>       |
| Total noncurrent liabilities                      | -                 | 6,448,036           | 3,245,928                 | <b>9,693,964</b>     |
| <b>Total liabilities</b>                          | <b>16,912</b>     | <b>7,525,682</b>    | <b>4,363,522</b>          | <b>11,906,116</b>    |
| Deferred inflows of resources                     |                   |                     |                           |                      |
| Advanced payment for service concession agreement | -                 | 3,309,502           | -                         | <b>3,309,502</b>     |
| Deferred service concession arrangement receipts  | -                 | 295,362             | 1,698                     | <b>297,060</b>       |
| Deferred debt refunding gain                      | -                 | -                   | 12                        | <b>12</b>            |
| <b>Total deferred inflows of resources</b>        | -                 | <b>3,604,864</b>    | <b>1,710</b>              | <b>3,606,574</b>     |
| <b>NET POSITION</b>                               |                   |                     |                           |                      |
| Net investment in capital assets                  | 154               | 284,580             | 4,121,442                 | <b>4,406,176</b>     |
| Restricted - nonexpendable:                       |                   |                     |                           |                      |
| Permanent funds                                   | -                 | 777                 | 367,512                   | <b>368,289</b>       |
| Instruction and research                          | -                 | -                   | 852,631                   | <b>852,631</b>       |
| Student aid                                       | -                 | -                   | 886,249                   | <b>886,249</b>       |
| Other purposes                                    | -                 | -                   | 101,986                   | <b>101,986</b>       |
| Restricted - expendable:                          |                   |                     |                           |                      |
| Grants/constitutional restrictions                | -                 | 136,841             | 25,311                    | <b>162,152</b>       |
| Future debt service                               | -                 | 270,765             | 23,944                    | <b>294,709</b>       |
| Instruction and research                          | -                 | -                   | 701,913                   | <b>701,913</b>       |
| Student aid                                       | -                 | 66                  | 848,679                   | <b>848,745</b>       |
| Endowments  | -                 | 450                 | 853,541                   | <b>853,991</b>       |
| Capital projects                                  | -                 | 1,272,163           | 327,502                   | <b>1,599,665</b>     |
| Other purposes                                    | 569               | 424                 | 317,244                   | <b>318,237</b>       |
| Unrestricted                                      | 168,790           | (2,140,320)         | 4,108,369                 | <b>2,136,839</b>     |
| <b>Total net position</b>                         | <b>\$ 169,513</b> | <b>\$ (174,254)</b> | <b>\$ 13,536,323</b>      | <b>\$ 13,531,582</b> |

The notes to the financial statements are an integral part of this statement.

**State of Indiana**  
**Combining Statement of Activities**  
**Discretely Presented Component Units**  
**For the Fiscal Year Ended June 30, 2014**  
**(amounts expressed in thousands)**

|  | Program Revenues |                      |                                    | Net (Expense) Revenue and Changes in Net Assets |                   |                     |                           |
|--|------------------|----------------------|------------------------------------|---|-------------------|---------------------|---------------------------|
|  | Expenses         | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions                | Governmental      | Proprietary         | Colleges and Universities |
| Governmental                                 | \$ 56,390        | \$ 189               | \$ 4,354                           | \$ -  | \$ (51,847)       | \$ -                | \$ -                      |
| Proprietary                                  | 2,081,406        | 1,623,761            | 517,914                            | 2,922   | -                 | 63,191              | -                         |
| Colleges and universities                    | 6,560,330        | 3,457,450            | 1,153,695                          | 99,072  | -                 | -                   | (1,850,113)               |
| Total component units                        | \$ 8,698,126     | \$ 5,081,400         | \$ 1,675,963                       | \$ 101,994                                      | (51,847)          | 63,191              | (1,838,769)               |
| General Revenues:                            |                  |                      |                                    |   |                   |                     |                           |
| Gaming tax                                   |                  |                      |                                    |   | 835               | -                   | -                         |
| Total taxes                                  |                  |                      |                                    |   | 835               | -                   | -                         |
| Revenue not restricted to specific programs: |                  |                      |                                    |   |                   |                     |                           |
| Investment earnings                          |                  |                      |                                    |   | 101               | (30,797)            | 859,744                   |
| Payments from State of Indiana               |                  |                      |                                    |   | 51,790            | 18,018              | 1,463,217                 |
| Other  |                  |                      |                                    |   | -                 | 2,747               | 628,607                   |
| Total general revenues                       |                  |                      |                                    |   | 52,726            | (10,032)            | 2,951,568                 |
| Change in net position                       |                  |                      |                                    |   | 879               | 53,159              | 1,101,455                 |
| Net position - beginning, as restated        |                  |                      |                                    |   | 168,634           | (227,413)           | 12,434,868                |
| <b>Net position - ending</b>                 |                  |                      |                                    |   | <b>\$ 169,513</b> | <b>\$ (174,254)</b> | <b>\$ 13,531,582</b>      |

The notes to the financial statements are an integral part of this statement.





**State of Indiana**  
**Combining Statement of Net Position**  
**Discretely Presented Component Units -**  
**Proprietary Funds**  
**June 30, 2014**  
(amounts expressed in thousands)

|   | Indiana Finance<br>Authority | State Lottery<br>Commission | Non-Major        | IFA & ISCBA<br>Elimination | Total Component<br>Units |
|---|------------------------------|-----------------------------|------------------|----------------------------|--------------------------|
| <b>Assets</b>   |                              |                             |                  |                            |                          |
| Current assets:   |                              |                             |                  |                            |                          |
| Cash, cash equivalents and investments - unrestricted     | \$ 103,835                   | \$ 30,298                   | \$ 458,160       | \$ -                       | \$ 592,293               |
| Cash, cash equivalents and investments - restricted       | 1,003,010                    | -                           | 300,837          | -                          | 1,303,847                |
| Receivables (net)   | 85,612                       | 98,564                      | 270,567          | (8,582)                    | 446,161                  |
| Due from primary government                               | -                            | -                           | 5,287            | -                          | 5,287                    |
| Inventory   | -                            | -                           | 206              | -                          | 206                      |
| Prepaid expenses  | 185                          | 127                         | 1,181            | -                          | 1,493                    |
| Loans   | 130,904                      | -                           | 18,462           | (1,325)                    | 148,041                  |
| Investment in direct financing lease                      | 75,777                       | -                           | 1,411            | -                          | 77,188                   |
| Other assets  | 9                            | -                           | 1,949            | -                          | 1,958                    |
| Total current assets                                      | 1,399,332                    | 128,989                     | 1,058,060        | (9,907)                    | 2,576,474                |
| Noncurrent assets:  |                              |                             |                  |                            |                          |
| Cash, cash equivalents and investments - unrestricted     | 1,254                        | 126,307                     | 221,847          | -                          | 349,408                  |
| Cash, cash equivalents and investments - restricted       | 237,603                      | 9,009                       | 717,896          | -                          | 964,508                  |
| Receivables (net)   | -                            | -                           | 1,281,748        | -                          | 1,281,748                |
| Due from primary government                               | -                            | -                           | 40,000           | -                          | 40,000                   |
| Loans   | 2,869,517                    | -                           | 198,014          | (974,985)                  | 2,092,546                |
| Investment in direct financing lease                      | 1,185,636                    | -                           | 952,421          | -                          | 2,138,057                |
| Net pension and OPEB assets                               | -                            | 4,990                       | -                | -                          | 4,990                    |
| Other assets  | 4,261                        | -                           | 178              | -                          | 4,439                    |
| Capital assets:   |                              |                             |                  |                            |                          |
| Capital assets not being depreciated/amortized            | 539,203                      | -                           | 152,669          | -                          | 691,872                  |
| Capital assets being depreciated/amortized                | 652,993                      | 3,061                       | 279,555          | -                          | 935,609                  |
| less accumulated depreciation/amortization                | (241,412)                    | (1,232)                     | (149,285)        | -                          | (391,929)                |
| Total capital assets, net of depreciation/amortization    | 950,784                      | 1,829                       | 282,939          | -                          | 1,235,552                |
| Total noncurrent assets                                   | 5,249,055                    | 142,135                     | 3,695,043        | (974,985)                  | 8,111,248                |
| <b>Total assets</b>                                       | <b>6,648,387</b>             | <b>271,124</b>              | <b>4,753,103</b> | <b>(984,892)</b>           | <b>10,687,722</b>        |
| <b>Deferred Outflows of Resources</b>                     |                              |                             |                  |                            |                          |
| Accumulated decrease in fair value of hedging derivatives | 161,878                      | -                           | 179,167          | (161,879)                  | 179,166                  |
| Deferred debt refunding loss                              | 65,995                       | -                           | 23,409           | -                          | 89,404                   |
| <b>Total deferred outflows of resources</b>               | <b>227,873</b>               | <b>-</b>                    | <b>202,576</b>   | <b>(161,879)</b>           | <b>268,570</b>           |
| <b>Liabilities</b>  |                              |                             |                  |                            |                          |
| Current liabilities:                                      |                              |                             |                  |                            |                          |
| Accounts payable  | 9,187                        | 8,981                       | 22,711           | -                          | 40,879                   |
| Interest payable  | 49,926                       | -                           | 37,524           | (8,582)                    | 78,868                   |
| Due to primary government                                 | -                            | 28,732                      | -                | -                          | 28,732                   |
| Unearned revenue  | 242,829                      | 759                         | 54,431           | -                          | 298,019                  |
| Accrued liability for compensated absences                | -                            | -                           | 213              | -                          | 213                      |
| Other liabilities   | 155                          | 964                         | 34,510           | -                          | 35,629                   |
| Current portion of long-term liabilities                  | 227,214                      | 94,072                      | 275,345          | (1,325)                    | 595,306                  |
| Total current liabilities                                 | 529,311                      | 133,508                     | 424,734          | (9,907)                    | 1,077,646                |
| Noncurrent liabilities:                                   |                              |                             |                  |                            |                          |
| Accrued liability for compensated absences                | -                            | -                           | 135              | -                          | 135                      |
| Accrued prize liabilities                                 | -                            | 116,686                     | -                | -                          | 116,686                  |
| Net pension and OPEB liabilities                          | -                            | -                           | 22               | -                          | 22                       |
| Unearned revenue  | 4,576                        | -                           | 486              | -                          | 5,062                    |
| Revenue bonds/notes payable                               | 3,924,871                    | -                           | 3,152,943        | (974,985)                  | 6,102,829                |
| Derivative instrument liability                           | 161,879                      | -                           | 179,167          | (161,879)                  | 179,167                  |
| Other noncurrent liabilities                              | 1,317                        | -                           | 42,818           | -                          | 44,135                   |
| Total noncurrent liabilities                              | 4,092,643                    | 116,686                     | 3,375,571        | (1,136,864)                | 6,448,036                |
| <b>Total liabilities</b>                                  | <b>4,621,954</b>             | <b>250,194</b>              | <b>3,800,305</b> | <b>(1,146,771)</b>         | <b>7,525,682</b>         |

**State of Indiana**  
**Combining Statement of Net Position**  
**Discretely Presented Component Units -**  
**Proprietary Funds**  
**June 30, 2014**

(amounts expressed in thousands)

|   | Indiana Finance<br>Authority | State Lottery<br>Commission | Non-Major           | IFA & ISCBA<br>Elimination | Total Component<br>Units |
|---|------------------------------|-----------------------------|---------------------|----------------------------|--------------------------|
| <b>Deferred inflows of resources</b>              |                              |                             |                     |                            |                          |
| Advanced payment for service concession agreement | 3,309,502                    | -                           | -                   | -                          | 3,309,502                |
| Deferred service concession arrangement receipts  | 295,362                      | -                           | -                   | -                          | 295,362                  |
| <b>Total deferred inflows of resources</b>        | <b>3,604,864</b>             | <b>-</b>                    | <b>-</b>            | <b>-</b>                   | <b>3,604,864</b>         |
| <b>NET POSITION</b>                               |                              |                             |                     |                            |                          |
| Net investment in capital assets                  | 45,624                       | 1,829                       | 237,127             | -                          | 284,580                  |
| Restricted - nonexpendable:                       |                              |                             |                     |                            |                          |
| Permanent funds                                   | -                            | -                           | 777                 | -                          | 777                      |
| Restricted - expendable:                          |                              |                             |                     |                            |                          |
| Grants/constitutional restrictions                | -                            | -                           | 136,841             | -                          | 136,841                  |
| Future debt service                               | 175,660                      | -                           | 95,105              | -                          | 270,765                  |
| Student aid                                       | -                            | -                           | 66                  | -                          | 66                       |
| Endowments  | -                            | -                           | 450                 | -                          | 450                      |
| Capital projects                                  | 1,269,338                    | -                           | 2,825               | -                          | 1,272,163                |
| Other purposes                                    | -                            | -                           | 424                 | -                          | 424                      |
| Unrestricted                                      | (2,841,180)                  | 19,101                      | 681,759             | -                          | (2,140,320)              |
| <b>Total net position</b>                         | <b>\$ (1,350,558)</b>        | <b>\$ 20,930</b>            | <b>\$ 1,155,374</b> | <b>\$ -</b>                | <b>\$ (174,254)</b>      |

The notes to the financial statements are an integral part of this statement.

**State of Indiana**  
**Combining Statement of Activities**  
**Discretely Presented Component Units -**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2014**  
(amounts expressed in thousands)

|                                       | Program Revenues |                      |                                    | Net (Expense) Revenue and Changes in Net Position |                           |                          |              |                                    |                       |
|---------------------------------------|------------------|----------------------|------------------------------------|---|---------------------------|--------------------------|--------------|------------------------------------|-----------------------|
|                                       | Expenses         | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions                  | Indiana Finance Authority | State Lottery Commission | Non-Major    | IFA & ISCBA Interfund Eliminations | Net (Expense) Revenue |
| Indiana Finance Authority (IFA)       | \$ 400,105       | \$ 364,368           | \$ 65,256                          | \$ -  | \$ 29,519                 | \$ -                     | \$ -         | \$ -                               | \$ 29,519             |
| State Lottery Commission              | 1,021,298        | 1,018,727            | -                                  | -   | -                         | (2,571)                  | -            | -                                  | (2,571)               |
| Non-Major Proprietary                 | 709,741          | 286,304              | 456,758                            | 2,922   | -                         | -                        | 36,243       | -                                  | 36,243                |
| IFA & ISCBA Interfund Eliminations    | (49,738)         | (45,638)             | (4,100)                            | -   | -                         | -                        | -            | -                                  | -                     |
| Total component units                 | \$ 2,081,406     | \$ 1,623,761         | \$ 517,914                         | \$ 2,922  | 29,519                    | (2,571)                  | 36,243       | -                                  | 63,191                |
| General revenues:                     |                  |                      |                                    |   |                           |                          |              |                                    |                       |
| Investment earnings                   |                  |                      |                                    |   | 11,885                    | (494)                    | (42,188)     | -                                  | (30,797)              |
| Payments from State of Indiana        |                  |                      |                                    |   | -                         | -                        | 18,018       | -                                  | 18,018                |
| Other                                 |                  |                      |                                    |   | -                         | 2,545                    | 202          | -                                  | 2,747                 |
| Total general revenues                |                  |                      |                                    |   | 11,885                    | 2,051                    | (23,968)     | -                                  | (10,032)              |
| Change in net position                |                  |                      |                                    |   | 41,404                    | (520)                    | 12,275       | -                                  | 53,159                |
| Net position - beginning, as restated |                  |                      |                                    |   | (1,391,962)               | 21,450                   | 1,143,099    | -                                  | (227,413)             |
| Net position - ending                 |                  |                      |                                    |   | \$ (1,350,558)            | \$ 20,930                | \$ 1,155,374 | \$ -                               | \$ (174,254)          |

The notes to the financial statements are an integral part of this statement.



**State of Indiana**  
**Combining Statement of Net Position**  
**Discretely Presented Component Units -**  
**Colleges and Universities**  
**June 30, 2014**

(amounts expressed in thousands)

|   | Indiana University | Purdue University | Non-Major Colleges and Universities | Totals            |
|---|--------------------|-------------------|-------------------------------------|-------------------|
| <b>Assets</b>   |                    |                   |                                     |                   |
| Current assets:   |                    |                   |                                     |                   |
| Cash, cash equivalents and investments - unrestricted     | \$ 314,026         | \$ 84,634         | \$ 355,227                          | \$ 753,887        |
| Cash, cash equivalents and investments - restricted       | 271,942            | 414,393           | 66,081                              | 752,416           |
| Securities lending collateral                             | 98,766             | -                 | -                                   | 98,766            |
| Receivables (net)   | 147,130            | 156,168           | 105,632                             | 408,930           |
| Due from primary government                               | -                  | -                 | 17,606                              | 17,606            |
| Inventory   | 10,917             | -                 | 5,146                               | 16,063            |
| Prepaid expenses  | -                  | 2                 | 4,056                               | 4,058             |
| Other assets  | 47,310             | 26,774            | 67,340                              | 141,424           |
| Total current assets                                      | 890,091            | 681,971           | 621,088                             | 2,193,150         |
| Noncurrent assets:  |                    |                   |                                     |                   |
| Cash, cash equivalents and investments - unrestricted     | 1,630,020          | 724,489           | 627,398                             | 2,981,907         |
| Cash, cash equivalents and investments - restricted       | 1,799,336          | 2,880,078         | 480,321                             | 5,159,735         |
| Receivables (net)   | 254,638            | 216,841           | 52,844                              | 524,323           |
| Net pension and OPEB assets                               | -                  | -                 | 35,843                              | 35,843            |
| Other assets  | -                  | 16,019            | 28,213                              | 44,232            |
| Capital assets:   |                    |                   |                                     |                   |
| Capital assets not being depreciated/amortized            | 235,622            | 170,637           | 246,367                             | 652,626           |
| Capital assets being depreciated/amortized                | 4,606,338          | 3,676,140         | 2,974,979                           | 11,257,457        |
| less accumulated depreciation/amortization                | (2,061,171)        | (1,751,246)       | (1,161,188)                         | (4,973,605)       |
| Total capital assets, net of depreciation/amortization    | 2,780,789          | 2,095,531         | 2,060,158                           | 6,936,478         |
| Total noncurrent assets                                   | 6,464,783          | 5,932,958         | 3,284,777                           | 15,682,518        |
| <b>Total assets</b>                                       | <b>7,354,874</b>   | <b>6,614,929</b>  | <b>3,905,865</b>                    | <b>17,875,668</b> |
| <b>Deferred Outflows of Resources</b>                     |                    |                   |                                     |                   |
| Accumulated decrease in fair value of hedging derivatives | -                  | -                 | 2,089                               | 2,089             |
| Deferred debt refunding loss                              | 13,964             | 7,227             | 2,607                               | 23,798            |
| <b>Total deferred outflows of resources</b>               | <b>13,964</b>      | <b>7,227</b>      | <b>4,696</b>                        | <b>25,887</b>     |
| <b>Liabilities</b>  |                    |                   |                                     |                   |
| Current liabilities:                                      |                    |                   |                                     |                   |
| Accounts payable  | 184,718            | 113,804           | 89,057                              | 387,579           |
| Interest payable  | 11,913             | 16,914            | 3,298                               | 32,125            |
| Unearned revenue  | 108,051            | 37,338            | 22,731                              | 168,120           |
| Securities lending collateral                             | 98,766             | -                 | -                                   | 98,766            |
| Accrued liability for compensated absences                | 47,705             | 26,361            | 14,726                              | 88,792            |
| Other liabilities   | -                  | 25,194            | 29,677                              | 54,871            |
| Current portion of long-term liabilities                  | 65,234             | 156,976           | 65,131                              | 287,341           |
| Total current liabilities                                 | 516,387            | 376,587           | 224,620                             | 1,117,594         |
| Noncurrent liabilities:                                   |                    |                   |                                     |                   |
| Accrued liability for compensated absences                | 18,719             | 30,996            | 15,069                              | 64,784            |
| Other postemployment benefits                             | 29,707             | 38,568            | 31,821                              | 100,096           |
| Unearned revenue  | 39,069             | -                 | 2                                   | 39,071            |
| Funds held in trust for others                            | 77,710             | 123,624           | 41,908                              | 243,242           |
| Advances from federal government                          | -                  | 19,930            | 8,705                               | 28,635            |
| Revenue bonds/notes payable                               | 884,345            | 862,467           | 930,404                             | 2,677,216         |
| Derivative instrument liability                           | -                  | -                 | 2,089                               | 2,089             |
| Other noncurrent liabilities                              | 46,539             | 28,474            | 15,782                              | 90,795            |
| Total noncurrent liabilities                              | 1,096,089          | 1,104,059         | 1,045,780                           | 3,245,928         |
| <b>Total liabilities</b>                                  | <b>1,612,476</b>   | <b>1,480,646</b>  | <b>1,270,400</b>                    | <b>4,363,522</b>  |
| <b>Deferred Inflows of Resources</b>                      |                    |                   |                                     |                   |
| Deferred service concession arrangement receipts          | -                  | -                 | 1,698                               | 1,698             |
| Deferred debt refunding gain                              | -                  | 12                | -                                   | 12                |
| <b>Total deferred inflows of resources</b>                | <b>-</b>           | <b>12</b>         | <b>1,698</b>                        | <b>1,710</b>      |

**State of Indiana**  
**Combining Statement of Net Position**  
**Discretely Presented Component Units -**  
**Colleges and Universities**  
**June 30, 2014**

(amounts expressed in thousands)

|                                    | Indiana University  | Purdue University   | Non-Major Colleges<br>and Universities | Totals               |
|------------------------------------|---------------------|---------------------|--|----------------------|
| <b>Net Position</b>                |                     |                     |  |                      |
| Net investment in capital assets   | 1,830,756           | 1,166,479           | 1,124,207                              | <b>4,121,442</b>     |
| Restricted - nonexpendable:        |                     |                     |  |                      |
| Permanent funds                    | 329,060             | -                   | 38,452                                 | <b>367,512</b>       |
| Instruction and research           | 486,550             | 333,502             | 32,579                                 | <b>852,631</b>       |
| Student aid                        | 468,876             | 310,224             | 107,149                                | <b>886,249</b>       |
| Other purposes                     | 33,483              | 44,322              | 24,181                                 | <b>101,986</b>       |
| Restricted - expendable:           |                     |                     |  |                      |
| Grants/constitutional restrictions | -                   | -                   | 25,311                                 | <b>25,311</b>        |
| Future debt service                | 20,164              | -                   | 3,780                                  | <b>23,944</b>        |
| Instruction and research           | 332,952             | 289,196             | 79,765                                 | <b>701,913</b>       |
| Student aid                        | 163,976             | 592,215             | 92,488                                 | <b>848,679</b>       |
| Endowments                         | 273,850             | 564,285             | 15,406                                 | <b>853,541</b>       |
| Capital projects                   | 142,748             | 84,677              | 100,077                                | <b>327,502</b>       |
| Other purposes                     | 124,031             | 156,464             | 36,749                                 | <b>317,244</b>       |
| Unrestricted                       | 1,549,916           | 1,600,134           | 958,319                                | <b>4,108,369</b>     |
| <b>Total net position</b>          | <b>\$ 5,756,362</b> | <b>\$ 5,141,498</b> | <b>\$ 2,638,463</b>                    | <b>\$ 13,536,323</b> |

The notes to the financial statements are an integral part of this statement.

**State of Indiana**  
**Combining Statement of Activities**  
**Discretely Presented Component Units -**  
**Colleges and Universities**  
**For the Year Ended June 30, 2014**  
(amounts expressed in thousands)

| Program Revenues                    |                      |                                    |                                  | Net (Expense) Revenue and Changes in Net Assets |                            |                                     |                             |
|-------------------------------------|----------------------|------------------------------------|----------------------------------|---|----------------------------|-------------------------------------|-----------------------------|
| Expenses                            | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Indiana University                              | Purdue University          | Non-Major Colleges and Universities | Net (Expense) Revenue       |
| Indiana University                  | \$ 2,949,449         | \$ 1,743,690                       | \$ 44,978                        | \$ (534,645)                                    | \$ -                       | \$ -                                | \$ (534,645)                |
| Purdue University                   | 2,000,877            | 1,082,560                          | 22,438                           | -   | (500,061)                  | -                                   | (500,061)                   |
| Non-Major Colleges and Universities | 1,610,004            | 631,200                            | 31,656                           | -   | -                          | (815,407)                           | (815,407)                   |
| Total component units               | <u>\$ 6,560,330</u>  | <u>\$ 3,457,450</u>                | <u>\$ 99,072</u>                 | <u>(534,645)</u>                                | <u>(500,061)</u>           | <u>(815,407)</u>                    | <u>(1,850,113)</u>          |
| General revenues:                   |                      |                                    |                                  |   |                            |                                     |                             |
| Investment earnings                 |                      |                                    |                                  | 354,820   | 429,146                    | 75,778                              | 859,744                     |
| Payments from State of Indiana      |                      |                                    |                                  | 519,417   | 392,293                    | 551,507                             | 1,463,217                   |
| Other                               |                      |                                    |                                  | 123,486   | 145,235                    | 359,886                             | 628,607                     |
| Total general revenues              |                      |                                    |                                  | <u>997,723</u>                                  | <u>966,674</u>             | <u>987,171</u>                      | <u>2,951,568</u>            |
| Change in net position              |                      |                                    |                                  | 463,078   | 466,613                    | 171,764                             | 1,101,455                   |
| Net position - beginning            |                      |                                    |                                  | 5,293,284                                       | 4,674,885                  | 2,466,699                           | 12,434,868                  |
| <b>Net position - ending</b>        |                      |                                    |                                  | <u><b>\$ 5,756,362</b></u>                      | <u><b>\$ 5,141,498</b></u> | <u><b>\$ 2,638,463</b></u>          | <u><b>\$ 13,536,323</b></u> |

The notes to the financial statements are an integral part of this statement.



# NOTES TO THE FINANCIAL STATEMENTS



## STATE OF INDIANA

Notes to the Financial Statements  
June 30, 2014

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**STATE OF INDIANA**  
**Notes to the Financial Statements**  
**June 30, 2014**  
**(schedule amounts are expressed in thousands)**

## **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **A. Reporting Entity**

As required by generally accepted accounting principles, these financial statements present the government (State of Indiana) and its component units. Blended component units, although legally separate entities, are in substance part of the government's operations; data from these units are combined with data of the primary government. Discretely presented component units are reported in one column in the government-wide financial statements. This column contains the governmental fund types, proprietary fund types and colleges and universities. This is to emphasize that, as well as being legally separate from the government, they also provide services to and benefit local governments and/or the citizens of the State of Indiana. Of the component units, the Indiana Housing and Community Development Authority, Ports of Indiana, Indiana State Fair Commission, Indiana Comprehensive Health Insurance Association, and the Indiana Political Subdivision Risk Management Commission have a December 31, 2013, fiscal year-end.

#### *Blended Component Units*

The following component units are reported under the blended method as the primary government appoints a voting majority of the board and is able to impose its will. These units, although legally separate from the State, are reported as part of the State because they provide services entirely or almost entirely to the State. These component units are audited by the State Board of Accounts.

The Bureau of Motor Vehicle Commission (BMVC) was established by state law to develop and update Bureau of Motor Vehicles (BMV) policy, establish standards for the operation and maintenance of license branches, and submit budget proposals for the BMVC, BMV, and license branches. The BMVC has significant interrelated operations with the BMV and license branches. The BMV is responsible for the accurate and timely distribution of the fees and taxes (excise and wheel) collected at the license branches for driver licenses, auto and watercraft registrations, and license plates.

The BMVC consists of four individuals appointed by the governor and the chairperson who is the commissioner of the BMV. No more than three of the members may be of the same political party. The BMVC is reported as a non-major governmental fund.

The Indiana Homeland Security Foundation was established to assist the Indiana Department of Homeland Security (IDHS) in developing projects that benefit public safety in local communities. The foundation administers the Indiana homeland security fund which funds these IDHS projects. The foundation has significant interrelated operations with the IDHS. Foundation funds are aligned with the Indiana Strategy for Homeland Security of the IDHS. The Indiana Homeland Security Foundation is reported as a non-major governmental fund.

#### *Discretely Presented Component Units*

The following are discretely presented component units of the State of Indiana. These component units are included in the State's reporting entity because the primary government appoints a voting majority of their governing bodies and is able to impose its will on each organization: Indiana Economic Development Corporation, Indiana Finance Authority, State Lottery Commission of Indiana, Indiana Stadium Convention and Building Authority, Indiana Bond Bank, Indiana Housing and Community Development Authority, Indiana Secondary Market for Education Loans, Inc., White River State Park Development Commission, Ports of Indiana, Indiana Comprehensive Health Insurance Association, Indiana Political Subdivision Risk Management Commission, Indiana State Museum and Historic Sites Corporation, and each of the seven colleges and universities. These component units are included in the State's reporting entity because the primary government appoints a voting majority of their governing bodies and is financially accountable for each organization: Indiana Board for Depositories, Indiana State Fair Commission, and the Indiana Public Retirement System.

All governmental and proprietary component units are audited by outside auditors except for the State Fair Commission which is audited by the State Board of Accounts. The State Board of Accounts audits the colleges, universities, and the fiduciary in nature component unit. College and university foundations are audited by outside auditors.

The Indiana Economic Development Corporation (IEDC) was created to improve the quality of life for the citizens of Indiana by encouraging the diversification of Indiana's economy, by the orderly economic development and growth of Indiana, the creation of new jobs, the retention of existing jobs, the growth and modernization of existing industry and the promotion of Indiana. The IEDC is composed of 12 members, none of whom may be members of the general assembly. These members consist of the governor and 11 individuals appointed by the governor. At least five members must belong to the same political party as the governor. At least three members must belong to a major political party other than the party of which the governor is a member. The IEDC is reported as a non-major discretely presented governmental component unit. The separately issued audited financial statements may be obtained by writing the Indiana Economic Development Corporation, One North Capital Avenue, Suite 700, Indianapolis, IN 46204.

Formed on May 15, 2005, the Indiana Finance Authority (IFA) combined five formerly independent bodies under one entity. The entities combined included the Indiana Development Finance Authority, State Office Building Commission, Indiana Transportation Finance Authority, Recreational Development Commission and the State Revolving Fund. Effective July 1, 2005, all records, money, and other property held by the Auditor of State with respect to the Supplemental Drinking Water and Wastewater Assistance Programs were transferred to the IFA as the successor entity. The IFA is a body both corporate and politic, and though separate from the State of Indiana (State); the exercise by the IFA of its powers constitutes an essential governmental function. Indiana's constitution restricts State incurrence of debt. As a result, the General Assembly created the IFA and authorized it to issue revenue bonds and other obligations to finance projects for lease to the State.

The IFA finances and refinances state hospitals, state office buildings, state garages, correctional facilities, recreational facilities, highways, bridges, airport facilities, and other related facilities for the benefit of the State. The IFA also provides low

interest loans to Indiana communities for environmental improvements. It also promotes business and employment opportunities by issuing tax-exempt financing for industrial development projects, rural development projects, childcare financing, and educational facility projects.

The IFA's revenue bonds and notes are special and limited obligations of the IFA, payable from lease rental revenue, bond or note proceeds and investment income. The IFA's revenue bonds are not general obligations of the IFA nor are they State debt within the meaning of any constitutional provision or limitation. The IFA cannot compel the General Assembly to make appropriations to pay lease rentals. The Authority is reported as a major discretely presented proprietary component unit. IFA's separately issued audited financial statements may be obtained by writing the Indiana Finance Authority, One North Capital Avenue, Suite 900, Indianapolis, IN 46204.

The State Lottery Commission of Indiana is composed of five members appointed by the Governor. Net proceeds from the Lottery are distributed to the State to be used to supplement teachers' retirement, public employees' retirement, and the Build Indiana Fund. A portion of the Build Indiana Fund is then used to supplement the Motor Vehicle Excise Tax Replacement Fund. The Commission is reported as a major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the State Lottery Commission of Indiana, 1302 North Meridian Street, Indianapolis, IN 46202.

Effective May 15, 2005, the Indiana Stadium and Convention Building Authority was established pursuant to House Bill 1120, which has now been codified at Indiana Code 5-1-17, as an entity of the State to finance, design, construct and own the new Indiana Stadium in Indianapolis and the expansion of the adjacent Indiana Convention Center. The Building Authority is governed by a seven member board, comprised of four appointments by the Governor, two appointments by the Mayor of the City of Indianapolis and one appointment by the Governor following nomination from one of the counties surrounding Marion County. The Authority is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Indiana Stadium and Convention Building Authority, 425 West South Street, Indianapolis, IN 46225.

The Indiana Bond Bank, created in 1984, is controlled by a board composed of the Treasurer of State, Director of Public Finance and five appointees of the Governor. The Bond Bank issues debt obligations and invests the proceeds in various projects of State and local governments. The Bond Bank is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Indiana Bond Bank, 10 West Market Street, Suite 2980, Indianapolis, IN 46204.

The Indiana Housing and Community Development Authority was created in 1978 for the purpose of financing residential housing for persons and families of low and moderate incomes. The Authority's board consists of the Public Finance Director of the Indiana Finance Authority, the Lieutenant Governor, the State Treasurer and four persons appointed by the Governor. The Lieutenant Governor chairs the board. The Authority is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Indiana Housing and Community Development Authority, 40 South Meridian Street, Suite 1000, Indianapolis, IN 46204.

The Indiana Board for Depositories was established to ensure the safekeeping and prompt payment of all public funds deposited in Indiana banks. The Board, consisting of the Governor, Treasurer of State, Auditor of State, Chairman of the Commission for Financial Institutions, State Examiner of the State Board of Accounts and four members appointed by the Governor, provides insurance on public funds in excess of the Federal Deposit Insurance Corporation limit. The Board is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Indiana Board for Depositories, One North Capitol Avenue, Suite 444, Indianapolis, IN 46204.

The Indiana Secondary Market for Education Loans, Inc. (ISM) was formed at the request of the Governor to purchase education loans in the secondary market. The Governor appointed the original Board of Directors. ISM provides in its articles of incorporation that changes in the composition of its directors or in its bylaws are subject to the approval of the Governor. ISM is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Indiana Secondary Market for Education

Loans, Inc., Capital Center, Suite 400, 251 North Illinois Street, Indianapolis, IN 46204.

The White River State Park Development Commission has the responsibility to design and implement a plan for the establishment and development of park, exposition, educational, athletic, and recreational projects to be located within one mile from the banks of the Indiana White River in a consolidated first-class city and county. The Commission is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Indiana White River State Park Commission, 801 West Washington Street, Indianapolis, IN 46204.

The Ports of Indiana is created under Indiana Code 8-10-1-3 to construct, maintain, and operate public ports with terminal facilities and traffic exchange points for all forms of transportation on Lake Michigan and the Ohio and Wabash Rivers. The Commission consists of seven members appointed by the governor. The Commission is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Ports of Indiana, 150 West Market Street, Suite 100, Indianapolis, IN 46204.

The State Fair Commission was established per Indiana Code 15-13-2 as the trustee for and on behalf of the people of the State of Indiana to administer the State Fairgrounds as trust property of the State of Indiana. The Commission is responsible for holding the annual Indiana State Fair in August, as well as providing accessible, cost-effective, secure and modern facilities for the variety of events held at the Fairgrounds and other properties it owns. The Commission consists of eight members appointed by the governor. The Commission is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Indiana State Fair Commission, 1202 East 38<sup>th</sup> Street, Indianapolis, IN 46205.

The Indiana Comprehensive Health Insurance Association was created by the State of Indiana to assure that health insurance is made available throughout the year to each eligible Indiana resident applying to the Association for coverage. The board of directors of the Association consists of nine members whose principal residence is in Indiana. Four members are appointed by the insurance commissioner from the members of the Association, one of which must be a representative

of a health maintenance organization. Two members are appointed by the commissioner and shall be consumers representing policyholders. Other members are the state budget director or designee and the commissioner of the department of insurance or designee. One member appointed by the commissioner must be a representative of health care providers. The Association is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Indiana Comprehensive Health Insurance Association, 9465 Counselors Row, Suite 200, Indianapolis, IN 46240.

The Indiana Political Subdivision Risk Management Commission was created per Indiana Code 27-1-29 to administer the Political Subdivision Risk Management Fund (Basic fund) and the Political Subdivision Catastrophic Liability Fund (Catastrophic fund). These funds aid political subdivisions in protecting themselves against liabilities. The Commission consists of eleven members appointed by the governor. The Commission is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Indiana Political Subdivision Risk Management Commission, c/o Indiana Department of Insurance, 311 West Washington Street, Suite 300, Indianapolis, IN 46204.

The Indiana State Museum and Historic Sites Corporation was created per Indiana Code 4-37 and is responsible for operating and administering the twelve State Historic Sites including the Indiana State Museum. The twelve Historic Sites include Angel Mounds, Corydon Capitol, Culbertson Mansion, J.F.D. Lanier Mansion, Levi Coffin, Limberlost, New Harmony, T.C. Steele, Gene Stratton-Porter, Vincennes, Whitewater Canal and the Indiana State Museum. The Corporation is governed by a thirty member board of trustees of which twenty-five are voting members and five are non-voting members. Of the twenty-five voting members, thirteen persons are appointed by the governor and twelve are appointed by the board. The five non-voting members include the chief executive officer, the governor or governor's designee, one member of the House of Representatives, one member of the Senate, and the director of the Department of Natural Resources or the director's designee. The Corporation is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Indiana State Museum and Historic Sites

Corporation, 650 West Washington Street, Indianapolis, IN 46204.

Each of the seven colleges and universities included in this report was established by individual legislation to provide higher education opportunities to the citizens of Indiana. The authority to administer the operations of each institution is granted to a separate board of trustees for each of the seven institutions. The number and makeup of the board of trustees of each college and university is prescribed by legislation specific for that institution. Four universities have nine member boards; two have ten member boards; and Ivy Tech Community College has a fourteen-member board of trustees. Appointments to the boards of trustees are made by the Governor and by election of the alumni of the respective universities. Indiana University and Purdue University are reported as a major discretely presented component unit. The separately issued audited financial statements for the colleges and universities may be obtained by writing to: Indiana University, Poplar's Room 500, 107 S. Indiana Ave., Bloomington, IN 47405-1202; Purdue University, Accounting Services, 401 South Grant Street, West Lafayette, IN 47907-2024; Ball State University, Administration Bldg., 301, 2000 West University Avenue, Muncie, IN 47306; Indiana State University, Office of the Controller, 210 N. 7<sup>th</sup> Street, Terre Haute, IN 47809; Ivy Tech Community College, 50 West Fall Creek Parkway, north Drive, Indianapolis, IN 46208; University of Southern Indiana, 8600 Boulevard, Evansville, IN 47712; and Vincennes University, 1002 North 1<sup>st</sup> Street, Vincennes, IN 47591.

#### *Fiduciary in Nature Component Unit*

Effective July 1, 2011, the Indiana Public Retirement System (INPRS) was established as an independent body corporate and politic. INPRS is not a department or agency for the State, but is an independent instrumentality exercising essential government functions. The INPRS board is composed of nine trustees appointed by the Governor which includes the director of the budget agency or the director's designee as an ex officio voting member of the board. The board of trustees administers the following plans: Public Employees' Retirement Fund, Teachers' Retirement Fund, Judges' Retirement System, State Excise Police, Gaming Agent, Gaming Control Officer and Conservation Enforcement Officers' Retirement Plan, the 1977 Police Officers' and Firefighters' Pension and Disability Fund, the Legislators' Retirement System Defined Benefit Plan, the Legislators' Retirement System Defined Contribution Plan, the Prosecuting Attorneys'

Retirement Fund, the Pension Relief Fund, and two death benefit funds. For more information on the plans see Note V(E) Employee Retirement Systems and Plans. All of these funds have been aggregated for presentation from INPRS' financial statements. INPRS is included as a component unit because the primary government appoints a voting majority of its governing body and has financial accountability. The Indiana Public Retirement System was determined to be significant for note disclosure purposes involving the fiduciary in nature component units. The separately issued audited

financial statements may be obtained by writing the Indiana Public Retirement System, One North Capitol Avenue, Suite 001, Indianapolis, IN 46204.

The primary government's officials are also responsible for appointing the members of the boards of other organizations, but the primary government's accountability for these organizations does not extend beyond making the appointments.

## B. Government-Wide and Fund Financial Statements

The government-wide financial statements consist of a statement of net position and a statement of activities. These statements report information about the overall government. They exclude information about fiduciary activities, including component units, which are fiduciary in nature, such as the public employee retirement systems. They distinguish between the primary government and its discretely presented component units as disclosed in Note I.A. They also distinguish between governmental activities and business-type activities of the State. Governmental activities rely on taxes and intergovernmental revenues for their support. Business-type activities, on the other hand, rely on fees and charges for services provided for their support.

The statement of activities matches the State's direct functional expense with the functional program revenue to identify the relative financial burden of each of the State's functions. This format identifies the extent to which each function of the government draws from the general revenues of the government or is self-financing through fees and intergovernmental aid. Certain indirect costs are included in the program expense reported for individual functions of government. Program revenues derive directly from the program itself or from parties outside the State's taxpayers, as a whole. They reduce the net cost of the function to be financed from the general revenues. Program revenues include charges for services, program-specific operating grants and contributions, and program-specific capital grants and contributions. Revenues that do not meet the criteria of program revenues are general revenues. These include all taxes, even those levied for a specific purpose and are reported by type of tax. Investment income is also a general revenue.

Separate financial statements are presented for the State's governmental, proprietary and fiduciary

funds. Governmental fund financial statements are the balance sheet and the statement of revenues, expenditures, and changes in fund balances. Major governmental funds are presented in separate columns and non-major funds are aggregated in a separate column. Proprietary and fiduciary funds are reported using the statement of net position and the statement of changes in net position. In addition proprietary funds include a statement of cash flows.

## C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

### Measurement Focus and Basis of Accounting

*The government-wide statements and the proprietary and fiduciary fund statements* use the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Government-mandated nonexchange revenues and voluntary nonexchange revenues, including federal government mandates on the State, certain grants and entitlements, and most donations, are recognized in the period when all applicable eligibility requirements have been met.

**Governmental funds** are used to account for the government's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

For the State of Indiana, “available” means collectible within one month of the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for certain compensated absences and related liabilities, and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Individual and corporate income tax, sales tax, inheritance tax, cigarette tax, alcoholic beverage tax, motor fuel tax, fines, and penalties are accrued using one month’s revenues.

Gaming taxes and fees and vehicle licenses are received daily via electronic funds transfer with a one to three working day delay, so revenues for the first several working days in July are reviewed for materiality and accrued accordingly.

### Financial Statement Presentation

A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

**Governmental funds** are used to account for the government’s general government activities. Governmental funds include the general fund, special revenue funds, capital projects funds, debt service funds and permanent funds.

The *General Fund* is the State’s primary operating fund. It is maintained to account for resources obtained and used for those services traditionally provided by State government, which are not required to be accounted for in another fund. The General Fund is a major fund.

The *special revenue* funds account for specific revenue sources that are legally restricted or committed to expenditure for specific purposes except for major capital projects.

The following special revenue funds are presented as major.

- The *Public Welfare-Medicaid Assistance Fund* receives federal grants and State appropriations which are used to administer the Medicaid program. Federal grant revenues, hospital assessment fees, quality assessment fees, Intermediate Care Facility for the Individuals with Disabilities fees, and other resources disclosed under interfund transfers in Note IV(B) are reported in this fund.

- The *Major Moves Construction Fund* distributes money received from the Toll Road lease. This money is used for new construction and major preservation of highways and bridges throughout Indiana. Interest income and other resources disclosed under interfund transfers in Note IV(B) are reported in this fund.

The *capital projects funds* account for financial resources that are restricted, committed, or assigned to expenditures for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or fiduciary funds. There are no major capital project funds.

The *permanent funds* are used to account for resources that are legally restricted to the extent that only earnings and not principal may be used for the benefit of the government or its citizens. There are no major permanent funds.

**Proprietary funds** focus on the determination of operating income, changes in net position, financial position and cash flows. Operating revenues and expenses are the revenues and expenses that pertain to the fund’s principal operations. Nonoperating revenues and expenses are those revenues resulting from secondary or auxiliary activities of the fund. Nonoperating items include investment revenue and expense. Proprietary funds include both enterprise funds and internal service funds.

*Enterprise funds* are used to account for those operations that are financed and operated in a manner similar to private business or where it has been decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The State reports the following major enterprise fund:

- The *Unemployment Compensation Fund* collects employer taxes and the federal share of unemployment compensation. Benefits are paid to eligible individuals.

*Internal service funds* account for operations that provide goods and services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. The goods and services provided include fleet management, information technology and communication, aviation, printing, products of correctional industries, self-insurance, and centralized accounting. Major fund reporting requirements do not apply to internal service funds.



Combined totals for all internal service funds are reported as a separate column on the face of the proprietary fund financial statements.

**Fiduciary funds** account for assets held by or on behalf of the government in a trustee capacity or as an agent on behalf of others. They cannot be used to support the State's own programs. Fiduciary funds include pension (and other employee benefit) trust funds, private-purpose trust funds, investment trust funds, and agency funds.

*Pension (and other employee benefit) trust funds* are used to report resources held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution pension plans, and other postemployment benefit plans. Pension and other employee benefits trust funds include the Indiana Public Retirement System, State Police Pension Fund, State Employee Retiree Health Benefit Trust Fund – DB, and the State Employee Retiree Health Benefit Trust Fund – DC.

*Private-purpose trust funds* are used to account for trust arrangements in which both the principal and interest may be spent for the benefit of individuals, private organizations or other governments. Private Purpose funds include the Abandoned Property Fund and the Private Purpose Trust Fund.

*Investment trust funds* are used to report the external portion of investment pools operated by a sponsoring government. The Treasurer of State, local units of government, and quasi-governmental units in Indiana have the opportunity to invest in a common pool of investments that preserves the principal of the public's funds, remains highly-liquid, and maximizes the return on the investment of public funds. The State's investment trust fund is TrustIndiana operated by the state treasurer. The amounts reported represent the external portion of the pool.

*Agency funds* are custodial in nature and do not present results of operations or have a measurement focus. These funds are used to account for assets that the government holds for others in an agency capacity. Agency Funds include Employee Payroll Withholding and Benefits, Local Distributions, Child Support and Department of Insurance.

#### **D. Eliminating Internal Activity**

Interfund loans including those from cash overdrafts in funds, interfund services provided or used, and prepaid expenditures of internal service funds are eliminated as internal balances in the government-wide statement of net position. This is to minimize

the "grossing-up" effect on assets and liabilities within the governmental and business-type activities columns of the primary government. As a result, interfund loans and interfund services provided and/or used reported in the governmental funds balance sheet has been eliminated in the government-wide statement of net position.

Eliminations were made in the statement of activities to remove the "doubling-up" effect of internal service fund activity. The effect of similar internal events that are, in effect, allocations of overhead expenses from one function to another or within the same function have also been eliminated, so that the allocated expenses are reported only by the function to which they were allocated. The effect of interfund services provided and used between functions has not been eliminated in the statement of activities since to do so would misstate both the expenses of the purchasing function and the program revenues of the selling function.

#### **E. Assets, Liabilities and Equity**

##### **1. Deposits, Investments and Securities Lending**

For purposes of reporting cash flows, cash and cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and near their maturity (generally three months or less from the date of acquisition).

Cash balances of most State funds are commingled in general checking accounts and several special purpose banking accounts. The available cash balance not necessary beyond immediate need is pooled and invested. Interest earned from investments purchased with pooled cash is deposited in the general fund, except as otherwise provided by statute.

Investments and secured lending transactions are stated at fair value. However, money market investments and participating interest-earning investment contracts that mature within one year of acquisition are reported at amortized cost, which approximates fair value. Fair value is determined by quoted market prices which approximate fair value.

Indiana Code 5-13-9 and 5-13-10.5 authorizes the Treasurer to invest in deposit accounts issued or offered by a designated depository; securities backed by the full faith and credit of the United States Treasury; securities issued by any U.S. government agency; AAA money market mutual funds with a portfolio limited to direct obligations of

the U.S., obligations of any federal agency, and/or repurchase agreements fully collateralized with U.S. government obligations or U.S. agency obligations; AAA rated commercial paper, and repurchase agreements that are fully collateralized, as determined by the current market value computed on the day the agreement is effective, by interest-bearing obligations that are issued, fully insured or guaranteed by the United States or any U.S. government agency.

The Treasurer of State is authorized by statute to accept as collateral safekeeping receipts for securities from: (1) a duly designated depository or (2) a financial institution located either in or out of Indiana, having physical custody of securities, with a combined capital and surplus of at least \$10 million, according to the last statement of condition filed by the financial institution with its governmental supervisory body. The Treasurer may not deposit aggregate funds in deposit accounts in any one designated depository in an amount aggregating at any one time more than 50% of the combined capital, surplus and undivided profits of that depository as determined by the last published statement.

The Indiana Public Retirement System (INPRS) Board of Trustees administers nine pension trust funds including eight Defined Benefit retirement plans and one Defined Contribution retirement plan, two other employment benefit funds, and one agency fund. Indiana law requires the Board to establish investment guidelines and limits on all types of investments and take other actions necessary to fulfill its duty as fiduciary for all assets under its control. The INPRS Board of Trustees is required to diversify investments in accordance with the prudent investor standards. At June 30, 2014, cash and investments of the funds were held by banks or trust companies under custodial agreements with INPRS. The INPRS Board of Trustees contracts with investment counsel, trust companies or banks to assist INPRS in its investment program. The Investment Policy Statement adopted by the INPRS Board of Trustees and the asset allocation approved by the Board of Trustees contains target allocations and allowable ranges that are expected to meet target rates of return over a long period of time while minimizing risk. The investments of INPRS are subject to the provisions of IC 5-10.3-5-3(a) and IC 5-10.4-3-10(a). See Note IV(A)(3) for more information.

Investments which are authorized for the State Police Retirement fund include: U.S. Treasury and Agency obligations, State and municipal obligations, domestic corporate bonds/notes, common stock and equity securities, foreign stocks

and bonds, mortgage pool investments, and repurchase agreements. The investments of the State Police Retirement fund are subject to the provisions of IC 10-12-2-2. See Note IV(A)(2) for more information.

## **2. Receivables and Payables**

In the government-wide and proprietary fund financial statements, revenues are recognized on the flow of economic resources measurement focus. Material receivables are recognized as follows. Uncollected taxes due in the following periods are subject to accrual.

Individual income tax – Individual withholding tax is due from employers by the 20<sup>th</sup> day after the end of the month collected. Estimated payments are due from individuals by the 15<sup>th</sup> of the month immediately following each quarter or the calendar year.

Corporate income tax - Due quarterly on the 20<sup>th</sup> day of April, June, September, and December with the last payment due on April 15<sup>th</sup> for a calendar year taxpayer.

Sales tax – Due by the 20<sup>th</sup> day after the end of the month collected.

Fuel tax – Gasoline tax is due the 20<sup>th</sup> day after the end of the month collected. Special fuel tax, depending on the status of the taxpayer, is due by the 15<sup>th</sup> day after the end of the month collected or the 15<sup>th</sup> day after the end of the quarter collected. Motor carrier surtax is due at the end of the month following the end of the quarter.

Financial institutions tax – same laws as corporate income taxes (see above) for making payments.

Alcohol and tobacco taxes – Cigarette distributors must purchase tax stamps within 6 days after they accept delivery of the cigarettes. Cigarette tax is due within 30 days of the issuance of the tax stamp. Alcoholic beverage tax is due by the 20<sup>th</sup> day after the end of the month collected.

Inheritance tax – except as otherwise provided in IC 6-4.1-6-6(b), the inheritance tax imposed as a result of a decedent's death is due twelve (12) months after the person's date of death.

In the governmental fund financial statements, revenue is recognized on the flow of current

financial resources. Material receivables are subject to accrual for receipts collected in the month of July. The State of Indiana does not collect property tax, which is collected by local units of government.

Unavailable revenue is the liability for the full accrual income taxes receivable net of the allowance for doubtful accounts and is reported under deferred inflows of resources.

### **3. Interfund Transactions and Balances**

The State has the following types of interfund transactions in the governmental fund and proprietary financial statements:

Interfund services provided and used (reciprocal interfund activity) – Charges for goods or services rendered by one fund to another are treated as revenues of the recipient fund and expenditures/expenses of the disbursing fund.

Interfund Transfers (non-reciprocal interfund activity) – Legally authorized transfers whereby the two parties do not receive equivalent cash, goods or services are reported as transfers.

The types of assets and liabilities resulting from these transactions are:

Interfund loans – These are balances arising from the short-term and long-term portion of interfund transactions.

Interfund services provided/used – These are balances arising in connection with reciprocal interfund activity or reimbursements. Balances relating to discretely presented component units are presented as 'Due from/to component units'.

Interfund services provided and interfund loans are eliminated in the government-wide statements because they are provided by one governmental activity on behalf of another or by one business-type activity on behalf of another.

### **4. Inventories and Prepaid Items**

Inventories for the Inns & Concessions, Institutional Industries and Administrative Services Revolving funds are valued at cost. The costs of governmental fund-type inventories are recorded as expenditures when purchased. The first in/first out (FIFO) method is used for valuation of inventories.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

### **5. Restricted Net Position**

Certain net positions are classified as restricted net position because their use is completely restricted by bond indentures, contracts, grantors, contributors, laws or regulations of other governments, or through constitutional provisions or enabling legislation. Net position restricted by enabling legislation for governmental activities totals \$1.0 billion, of which \$0.5 billion is permanent funds principal, \$0.4 billion is for the Economic Stabilization Fund as discussed in Note V(D), and \$0.1 billion is prepaid expenses.

### **6. Capital Assets**

Capital outlays are reported as expenditures in the governmental funds and as assets in the government-wide statements to the extent the State's \$20,000 capitalization threshold for external financial reporting is met. In accordance with GASB Statement No. 34, all infrastructure assets have been capitalized retroactively.

The Indiana Department of Transportation (INDOT) uses the modified approach for reporting its infrastructure. The Department of Natural Resources (DNR) uses the depreciation approach for reporting its infrastructure.

Under the modified approach, the State has determined that the condition level for INDOT infrastructure assets to be maintained is:

- a network average International Roughness Index based on the right wheel path (IRI RWP) of no more than 101 and no more than 12.5% of all pavements in the unacceptable range for Interstates, National Highway Safety (NHS) Non-Interstate roads, and Non-NHS roads,
- an average sufficiency rating of 87% for interstate bridges,
- an average sufficiency rating of 85% for NHS Non-Interstate bridges, and
- an average sufficiency rating of 83% for Non-NHS bridges.

The Bridge Division, Program Engineering, and Road Inventory Division of INDOT are responsible for determining the appropriate condition level of the infrastructure assets.

No amounts are capitalized in connection with improvements that lengthen the lives of such assets, unless the improvements also increase their service potential.

INDOT projects are capitalized based on capitalization and preservation percentages

assigned to three hundred seventy-seven (377) work types. For example, the cost for constructing a new bridge would likely be 100% capitalized; whereas, the cost for adding travel lanes to a road would likely be assigned a work type code resulting in capitalization at 50% and preservation at 50%.

The State maintains an inventory of these infrastructure assets and performs periodic condition assessments to establish that the predetermined condition level is being maintained. Road pavement condition assessments are performed annually on all INDOT state routes, including interstates. Condition assessments of all bridges are determined on a bi-annual basis. Sufficiency ratings of all bridges are determined on an annual basis by the Federal Highway Administration based on annual submittal of bridge condition data.

The State makes annual estimates of the amounts that must be expended to preserve and maintain these infrastructure assets at the predetermined condition levels.

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation.

Capital assets are depreciated in the proprietary and similar trust funds using the straight-line method on both the fund basis and the government-wide basis. Both the government-wide statements and proprietary and similar trust funds use the following estimated useful lives:

| <u>Assets</u>   | <u>Months</u> |
|---|---------------|
| Buildings and other structures including improvements to buildings and other structures | 240-480       |
| Computer software   | 36            |
| Infrastructure (not using modified approach)  | 240-720       |
| Furniture, machinery and equipment  | 12-168        |
| Motor pool vehicles   | 96-168        |

The State of Indiana maintains several collections of works of art, historical treasures, and similar assets that are not capitalized. While the collections are maintained by different agencies, each collection is:

- Held for public exhibition, education, or research in furtherance of public service, rather than financial gain.
- Protected, kept unencumbered, cared for, and preserved.

- Subject to an organizational policy that either prohibits sale or requires the proceeds from sales of collection items to be used to acquire other items for collections.

The State's major collections are:

- The Commission on Public Records, State Archives Collection consists of historical and legal documents, that are generated on: paper or paper substitutes; photographic or chemically based media; magnetic or machine readable media; or any other materials, regardless of form or characteristics.
- The State Library has two collections, the Manuscript Collection and the Indiana History Collection. These collections include historical documents and works of art, most of it of Indiana origin.

Other collections include the Historical Bureau's Indiana Governors' Portrait Collection, the Department of Administration's Statehouse Collection, and the Indiana Arts Commission's Collection. These collections consist primarily of art objects.

## **7. Compensated Absences**

Full-time employees of the State of Indiana are permitted to accumulate earned but unused vacation and sick pay benefits. Vacation leave accumulates at the rate of one day per month and sick leave at the rate of one day every two months plus an extra day every four months. Bonus vacation days are awarded upon completion of five, ten and twenty years of employment.

Personal leave days are earned at the rate of one day every four months; any personal leave accumulated in excess of three days automatically becomes part of the sick leave balance. Upon separation of service, in good standing, employees will be paid for a maximum of thirty (30) unused vacation leave days. In addition, qualifying retiring employees are paid an additional payment up to a maximum of \$5,000, which is made up of unused vacation leave over 30 days, unused personal leave, and unused sick leave.

Employees of the legislative and judicial branches as well as those of the separately elected officials (i.e., Auditor of State) may convert a portion of accrued but unused vacation and sick leave into the deferred compensation plan. An employee must have at least 300 hours of vacation or sick leave accrued in order to participate in this plan. There is a sliding scale which determines how many hours are converted from those hours the employee has

accrued. The hours converted are deposited into the deferred compensation program's 401(a) plan at 60% of the employee's hourly rate. Employees of the legislative and judicial branches of government participated in this program in FY 2014 and legislative branch employees have elected to participate in this program for FY 2015.

Matured vacation and personal leave and salary-related payments that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts not expected to be liquidated with expendable available financial resources are reported as long term liabilities in the government-wide, proprietary, and fiduciary fund financial statements.

## **8. Long-Term Obligations**

Long-term debt and other obligations are reported in the government-wide statements and the proprietary funds statements as liabilities in the applicable governmental activities, business-type activities, or proprietary fund.

In the governmental fund financial statements, bond issuance costs and bond discounts are treated as period costs in the year of issue. Proceeds of long term debt, issuance premiums or discounts and certain payments to escrow agents for bond refundings are reported as other financing sources and uses.

## **9. Fund Balance**

In the fund financial statements, fund balances are categorized as nonspendable, restricted, committed, assigned, or unassigned. A brief description of each category is as follows:

*Nonspendable* – represents amounts that are either not in spendable form, such as inventories, and activity that is legally or contractually required to be maintained intact, such as a principal balance in a permanent fund.

*Restricted* – represents amounts restricted to specific purposes because of constraints placed on their use that are either externally imposed such as by grantors or imposed by law through constitutional provisions or enabling legislation.

*Committed* – represents amounts that can only be used for a specific purpose pursuant to constraints imposed by the government's highest level of decision making authority. The State of Indiana's highest level of decision making authority is the General Assembly. The formal action necessary would be the enactment of a State law that specifically establishes, modifies, or rescinds a fund balance commitment.

*Assigned* – represents amounts that are constrained by the government's intent to be used for specific purposes as expressed by the governing body itself or the official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. The State Budget Agency has the authority per the biennial budget bill to make assignments of fund balances for specific purposes except for those restricted by law. The State Board of Finance comprised of the Governor, Auditor of State and Treasurer of State is empowered to make assignments of funds except for trust funds per I.C. 4-9.1-1-7.

*Unassigned* – represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. Only the general fund may report a positive unassigned fund balance; whereas, other governmental funds may need to report a negative unassigned fund balance if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

Funds on the State's accounting system are assigned one of the five fund balance classifications. If a fund has resources that are both restricted and unrestricted, then expenditures are applied first to restricted fund balance and then unrestricted amounts. A fund's unrestricted fund balance would have committed amounts reduced first, assigned amounts second, and unassigned amounts third when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

## II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

As described in Note I, Summary of Significant Accounting Policies, differences exist between the government-wide and the governmental fund financial statements. These differences are summarized in the reconciliations that follow the governmental fund financial statements.

### A. Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

In the government-wide financial statements, capital assets are considered economic resources and are capitalized at cost or estimated historical cost at time of acquisition. Where applicable these costs are offset by accumulated depreciation or amortization.

The government-wide statements use the flow of economic resources and accrue receivables that are not available soon enough in the subsequent period to pay for the current period's expenditures. Also under the flow of economic resources, expenses reported in the statement of activities do not require the use of current financial resources. Both these receivables and payables are accrued in the government-wide statements, but not in the fund financial statements.

Internal service funds are used by management to charge the costs of certain activities to individual funds. In the government-wide financial statements, the assets and liabilities of internal service funds are included in governmental activities in the statement of net position. In the proprietary fund financial statements internal service fund balances are segregated and reported as their own fund type.

### B. Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

In the government-wide financial statements, the cost for capital outlays, except for governmental infrastructure, is allocated over the assets' useful lives and is reported as depreciation or amortization expense. In the fund financial statements, capital outlays are reported as expenditures in the functional line items.

The government-wide statements use the flow of economic resources and therefore do not report revenues and expenses dependent on the availability of financial resources, as is reported in the fund financial statements. Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund financial statements. Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the fund financial statements. Net pension assets, net pension obligations, and other postemployment benefits do not require the use of current financial resources and are not reported as expenditures in the fund financial statements.

Internal service funds are used by management to charge the costs of certain activities to individual funds. In the government-wide financial statements, the expenses of internal service funds are included in governmental activities in the statement of activities. In the proprietary fund financial statements internal service fund balances are segregated and reported as their own fund type.

### III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### A. Deficit Fund Equity

At June 30, 2014, various funds had a deficit fund balance caused by overdrafts from pooled cash and investments and the posting of accruals to the

balance sheet. Temporary cash overdrafts are reported as interfund loans from the general fund.

| <u>Fund</u>                              | <u>Overdraft from<br/>pooled cash</u> | <u>Accrual deficits</u> |
|--|---------------------------------------|-------------------------|
| <b>Governmental Funds</b>                |                                       |                         |
| US Department of Health & Human Services | (116,142)                             | (39,701)                |
| US Department of Labor                   | (2,225)                               | (105)                   |
| US Department of Education               | -                                     | (16,465)                |
| S&S Children Home Construction           | (709)                                 | -                       |

#### B. Fund Balance

The State of Indiana reports its fund balances for governmental funds as nonspendable, restricted, committed, assigned, and unassigned. The detail

of the fund balance classifications at June 30, 2014 is as follows:

|                           | <u>General Fund</u> | <u>Major Special Revenue Funds</u>                           |  |                            |
|---------------------------|---------------------|--|--|----------------------------|
|                           |                     | <u>Public Welfare -<br/>Medicaid<br/>Assistance<br/>Fund</u> | <u>Major Moves<br/>Construction<br/>Fund</u> | <u>Non-Major<br/>Funds</u> |
| <b>Fund Balances:</b>     |                     |  |  |                            |
| <b>Nonspendable:</b>      |                     |  |  |                            |
| Permanent fund principal  | -                   | -  | -  | 521,028                    |
| Prepaid expense           | 99,022              | -  | -  | 680                        |
| <b>Restricted:</b>        |                     |  |  |                            |
| Administration            | 379,568             | -  | -  | -                          |
| <b>Committed:</b>         |                     |  |  |                            |
| Administration            | -                   | -  | -  | 8,581                      |
| Public Health             | -                   | -  | -  | 353,881                    |
| Economic Development      | 5,628               | -  | -  | 10,313                     |
| Environmental             | -                   | -  | -  | 646                        |
| Natural Resources         | -                   | -  | -  | 144                        |
| Higher Education          | -                   | -  | -  | 3                          |
| Secondary Education       | -                   | -  | -  | 569,555                    |
| Roads & Bridges           | 20                  | -  | -  | 175,343                    |
| Other Purposes            | -                   | -  | -  | 14,972                     |
| <b>Assigned:</b>          |                     |  |  |                            |
| Administration            | 65,421              | -  | -  | 136,070                    |
| Corrections               | 12,724              | -  | -  | 11,872                     |
| Police & Protection       | 11,891              | -  | -  | 255,817                    |
| Mental Health             | -                   | -  | -  | 68,576                     |
| Public Health             | 22                  | 422,742  | -  | 252,810                    |
| Child Services            | 522,388             | -  | -  | 142,829                    |
| Disability & Aging        | 4                   | -  | -  | 9,223                      |
| Economic Development      | 1,073               | -  | -  | 48,659                     |
| Environmental             | 427                 | -  | -  | 113,320                    |
| Natural Resources         | 147                 | -  | -  | 128,281                    |
| Higher Education          | -                   | -  | -  | 42,080                     |
| Secondary Education       | 8,564               | -  | -  | 120,080                    |
| Roads & Bridges           | 63                  | -  | 637,205                                      | 521,225                    |
| Capital Outlay            | 143,235             | -  | -  | 76,883                     |
| Other Purposes            | 156,932             | -  | -  | 57,454                     |
| Encumbrances              | 737,249             | -  | -  | -                          |
| <b>Unassigned:</b>        | <u>1,327,799</u>    | <u>-</u>   | <u>-</u>                                     | <u>(175,347)</u>           |
| <b>Total fund balance</b> | <u>\$ 3,472,177</u> | <u>\$ 422,742</u>  | <u>\$ 637,205</u>                            | <u>\$ 3,464,978</u>        |

#### IV. DETAILED NOTES ON ALL FUNDS

##### A. Deposits, Investments and Securities Lending

###### 1. Primary Government – Other than Major Moves Construction Fund and Next Generation Trust Fund, Investment Trust Funds, and Pension and Other Employee Benefit Trust Funds.

###### Investment Policy

Indiana Code, Title 5, Article 13, Chapters 9, 10, and 10.5, establishes the investment powers and guidelines regarding the State of Indiana investments. However, the Major Moves Construction Fund and the Next Generation Trust Fund have separate investment authority as established under Indiana Code 8-14-14 and Indiana Code 8-14-15, respectively. The Treasurer of State shall invest these funds in the same manner as the public employees' retirement fund under Indiana Code 5-10.3-5 with the exception that monies may not be invested in equity securities. For more information, please see the PERF policy in note IV(A)3. There are no formal deposit investment policies for the investment of these

funds other than compliance to State statute. State statute does not establish any parameters or guidelines related to the concentration of investment risk, investment credit risk, nor interest rate risk.

Indiana Code 5-13-9 authorizes the Treasurer to invest in deposit accounts issued or offered by a designated depository; securities backed by the full faith and credit of the United States Treasury; and repurchase agreements that are fully collateralized, as determined by the current market value computed on the day the agreement is effective, by interest bearing obligations that are issued, fully insured or guaranteed by the United States or any U.S. government agency.

###### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State statute does not establish any parameters or guidelines related to interest rate risk.

The following is a summary of the Interest Rate Risk Disclosure as of June 30, 2014:

| Primary Government         |                     | Investment Maturities (in Years) |                   |                  |
|----------------------------|---------------------|----------------------------------|-------------------|------------------|
| Investment Type            | Fair Value Totals   |                                  |                   |                  |
|                            |                     | Less than 1                      | 1 - 5             | 6 - 10           |
| U.S. Treasuries            | \$ 1,181,449        | \$ 1,180,473                     | \$ 975            | \$ -             |
| U.S. Agencies              | 2,547,645           | 2,160,760                        | 386,886           | \$ -             |
| Supranationals             | 387,863             | 299,983                          | 87,880            | -                |
| Municipal Bonds            | 38,510              | 20,329                           | -                 | \$ 18,181        |
| Local Govt Investment Pool | 200,009             | 200,009                          | -                 | \$ -             |
| Non-U.S. Fixed Income      | 40,104              | 10,014                           | 30,090            | \$ -             |
| Certificate of Deposits    | 172,064             | 172,064                          | -                 | \$ -             |
| Money Market Mutual Funds  | 828,010             | 828,010                          | -                 | \$ -             |
| <b>Total</b>               | <b>\$ 5,395,654</b> | <b>\$ 4,871,642</b>              | <b>\$ 505,831</b> | <b>\$ 18,181</b> |

###### Custodial Credit Risk

Deposits – The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

At June 30, 2014, the balance of the State of Indiana's deposits was covered in full by federal depository insurance or by the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

Investment Custodial Credit Risk – The custodial credit risk for investments is the risk that, in the



event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured and unregistered and are either held by the counterparty's trust department or agent, but not in the name of the State of Indiana. None of the State's investments are exposed to custodial credit risk because they are held in the name of the State of Indiana. Additionally, the Treasurer of State requires all custodians to indemnify the State against all out-of-pocket expenses or losses incurred as a result of (i) the custodian's operational failure, (ii) custodians failure to carry out the credit analysis, (iii) custodian's failure to maintain proper collateral for each loan, or (iv) failure of an approved counterparty to comply with its obligations under the applicable securities lending agreement.

#### *Credit Risk*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Indiana Code 5-13-9-2 authorizes the State Treasurer to invest or reinvest in securities fully guaranteed and issued by (1) the United States Treasury, (2) a federal agency, (3) a federal instrumentality, or (4) a federal government sponsored enterprise. The State Treasurer also may invest or reinvest in money market mutual funds that are in the form of securities of or interests in an open-end, no-load, management-type investment company or investment trust registered under the provisions of the federal Investment Company Act of 1940. The portfolio of the investment company or investment trust must be limited to direct obligations of the United States, a federal agency, a federal instrumentality, a federal government sponsored enterprise, or repurchase agreements fully collateralized by obligations described in numbers (1) through (4) above. The statute also states the securities of or interests in an investment company or investment trust must be rated as one of the following: (1) AAA, or its equivalent, by Standard & Poor's Corporation or its successor; or (2) Aaa, or its equivalent, by Moody's Investors Service, Inc. or its successor.

The following table provides information on the credit quality ratings for investments in debt securities as well as investments in external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities as of June 30, 2014. The following table reflects the greatest risk rating (the credit rating reflecting the greatest degree of risk)

as set by three nationally recognized rating organizations (S&P, Moody, and Fitch) for each type of investment:

| Primary Government         |                      |                     |
|----------------------------|----------------------|---------------------|
| Investment Type            | Greatest Risk Rating | Fair Value          |
| U.S. Treasuries            | AA                   | \$ 1,181,449        |
| U.S. Agencies              | AA                   | 2,547,645           |
| Supranationals             | AAA                  | 387,863             |
| Certificate of Deposits    | NR                   | 172,064             |
| Municipal Bonds            | NR                   | 38,510              |
| Non-US Fixed Income Bonds  | A                    | 40,104              |
| Local Govt Investment Pool | NR                   | 200,009             |
| Money Market Mutual Funds  | AAA                  | 828,010             |
| <b>Total</b>               |                      | <b>\$ 5,395,654</b> |

#### *Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Indiana Code 5-13-10-3 states that the State Treasurer may not deposit aggregate funds in deposit accounts in any one designated depository in an amount aggregating at any one time more than fifty percent (50%) of the combined capital, surplus, and undivided profits of that depository as determined by its last published statement of condition filed with the State Board for Depositories.

Investments in any one issuer, other than securities issued or guaranteed by the US government, that represent 5% or more of the total investments are:

|      |        |             |
|------|--------|-------------|
| IBRD | 6.05%  | \$387,863   |
| FHLB | 25.62% | \$1,643,683 |

#### *Foreign Currency Risk*

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. As of June 30, 2014, there were no deposits or investments denominated in foreign currencies, thus there was no foreign currency risk.

### Securities Lending

The Treasurer of State is authorized by Indiana Code 5-13-10.5-13 to lend securities. Securities may be lent only if the agreement under which the securities are lent is collateralized by (1) cash or (2) interest bearing obligations that are issued by, fully insured by, or guaranteed by the United States, an agency of the United States, a federal instrumentality, or a federal government sponsored enterprise, in excess of the total market value of the loaned securities. The Treasurer of State is authorized by statute (IC 5-13-10.5) to accept as collateral safekeeping receipts for securities from: (1) a duly designated depository, having physical custody of securities, with a combined capital and surplus of at least \$10 million, according to the last statement of condition filed by the financial institution with its governmental supervisory body. The Treasurer may not deposit aggregate funds in deposit accounts in any one designated depository in an amount or (2) a financial institution located either in or out of Indiana aggregating at any one time more than 50% of the combined capital, surplus and undivided profits of that depository as determined by the last published statement.

Indiana Code 5-13-10.5-13 states that securities may be lent only if the agreement under which the securities are lent is collateralized by (1) cash or (2) interest bearing obligations that are issued by, fully insured by, or guaranteed by the United States, an agency of the United States government, a federal instrumentality, or a federal government sponsored enterprise; in excess of the total market value of the loaned securities. Effective 7/1/2014, securities lent for non-cash collateral can be collateralized with any type of non-cash collateral as long as the State is indemnified by the custodian holding the non-cash collateral. State statutes and policies permit the State to lend securities to broker-dealers and other entities (borrowers) for collateral with a simultaneous agreement to return the collateral for the same securities in the future.

The State's custodial banks manage the securities lending programs and receive cash or securities as collateral. The types of securities lent during the year may include U.S. Treasury and agency obligations, corporate bonds/notes, and foreign bonds. Collateral securities and cash are initially pledged at 102% of the market value of the securities lent. Cash received as collateral is reported as an asset and a liability on the balance sheet. Securities received as non-cash collateral are not reported on the balance sheet because the State does not have the ability to pledge or sell them without a borrower default. Generally, there

are no restrictions on the amount of assets that can be lent at one time, except for the Public Employees' Retirement Fund and the State Teachers' Retirement Fund (discretely presented component units), which allow no more than 40% to be lent at one time.

Cash collateral received is invested by the custodian banks. Cash collateral is generally invested in securities of a longer term with the mismatch of maturities generally 0-35 days. The weighted average maturity gap at June 30, 2014, was 34 days. The contracts with the State's custodians requires them to indemnify the funds if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the funds for income distributions by the securities' issuers while the securities are on loan.

At year end, the State had no credit risk exposure to any borrowers because the amount the State owes the borrowers exceeds the amounts the borrowers owe the State. The securities lending agent is contractually obligated to indemnify the Treasurer of State for certain conditions, the two most important are default on the part of a borrower and failure to maintain the daily mark-to-market on the loans.

As of June 30, 2014, the fair values of the underlying securities on loan were:

| Security Type    | Fair Value          |
|------------------|---------------------|
| U.S. Governments | \$ 1,005,039        |
| U.S. Agencies    | 243,424             |
| <b>Total</b>     | <b>\$ 1,248,463</b> |

The fair values of the cash and non-cash collateral received for investment type:

| Security Type    | Fair Value          |
|------------------|---------------------|
| U.S. Governments | \$ 1,063,540        |
| U.S. Agencies    | 248,348             |
| <b>Total</b>     | <b>\$ 1,311,888</b> |

Collateral percentage: 105.08%

| Collateral Type  | Fair Value          |
|--|---------------------|
| Fair value of non-cash collateral                      | \$ 147,732          |
| Fair value of cash collateral (liability to borrowers) | 1,164,156           |
| <b>Total</b>   | <b>\$ 1,311,888</b> |

Fair Value of reinvested cash collateral by type:

| <b>Collateral Type</b>            | <b>Fair Value</b>  |
|-----------------------------------|--------------------|
| Commercial paper                  | \$ 27,550          |
| Certificate of deposit            | 7,501              |
| Repurchase agreements             | 38,970             |
| Asset backed securities           | 263,572            |
| Floating rate notes               | 736,899            |
| MMMF's                            | 22,974             |
| Fair value of reinvestments       | 1,097,466          |
| Receivable                        | 55,811             |
| Fair value cash collateral pool   | 1,153,277          |
| <b>Net unrealized gain/(loss)</b> | <b>\$ (10,880)</b> |

The quality rating of the reinvested cash collateral investments as described by Standard and Poor's at June 30, 2014 is as follows:

| <b>S&amp;P Rating</b> | <b>Fair Value of Cash Collateral</b> | <b>% of Portfolio</b> |
|-----------------------|--------------------------------------|-----------------------|
| AAA                   | \$ 275,211                           | 25.1%                 |
| AAA                   | 402,718                              | 36.7%                 |
| A                     | 372,264                              | 33.9%                 |
| CCC                   | 11,860                               | 1.1%                  |
| NR                    | 35,413                               | 3.2%                  |
| <b>Total</b>          | <b>\$ 1,097,466</b>                  | <b>100.0%</b>         |

### **Major Moves Construction Fund/Next Generation Trust Funds**

#### *Investment Policy*

Indiana Code, Title 5, Article 13, Chapters 9, 10, and 10.5, establishes the investment powers and guidelines regarding the State of Indiana

The following table provides the interest rate risk disclosure for the Major Moves/Next Generation Trust Fund as of June 30, 2014:

| <b>Major Moves/Next Generation Funds</b> |                     |   |                   |                   |                     |
|--|---------------------|---|-------------------|-------------------|---------------------|
| <b>Investment Type</b>                   | <b>Fair Value</b>   | <b>Investment Maturities (in Years)</b> |                   |                   |                     |
|  |                     | <b>Less than 1</b>                      | <b>1 - 5</b>      | <b>6 - 10</b>     | <b>More than 10</b> |
| U.S. Treasuries                          | \$ 134,626          | \$ 25,364                               | \$ 53,817         | \$ 48,309         | \$ 7,136            |
| U.S. Agencies                            | 12,446              | 1,405                                   | 9,880             | 520               | 641                 |
| Government Asset and Mortgage Backed     | 15,453              | 554                                     | 6,495             | 2,673             | 5,731               |
| Collateralized Mortgage Obligations      |                     |   |                   |                   |                     |
| Government CMOs                          | 31,328              | -                                       | 7,219             | 5,661             | 18,448              |
| Corp CMOs                                | 25,234              | 2                                       | 1,014             | 1,162             | 23,056              |
| Corporate Bonds                          | 515,028             | 93,473                                  | 363,242           | 44,453            | 13,860              |
| Corporate Asset Backed                   | 101,045             | -                                       | 37,451            | 9,690             | 53,904              |
| Private Placements                       | 179,582             | 92,665                                  | 50,154            | 20,623            | 16,140              |
| Municipal Bonds                          | 19,827              | 6,025                                   | 11,224            | 1,740             | 838                 |
| Non US Government/Corp Bonds             | 37,979              | 1,476                                   | 16,893            | 10,576            | 9,034               |
| Mutual Funds                             | 102,462             | 102,462                                 | -                 | -                 | -                   |
| <b>Total</b>                             | <b>\$ 1,175,010</b> | <b>\$ 323,426</b>                       | <b>\$ 557,389</b> | <b>\$ 145,407</b> | <b>\$ 148,788</b>   |

investments. However, the Major Moves Construction Fund and the Next Generation Trust Fund (MMCF/NGTF) have separate investment authority as established under Indiana Code 8-14-14 and Indiana Code 8-14-15, respectively. The Treasurer of State shall invest these funds in the same manner as the public employees' retirement fund under Indiana Code 5-10.3-5, except the funds may not be invested in equity securities. Investment Policy Statements for the investment of these two funds has been adopted by the Treasurer of State. The Investment Policy Statements are written in conformity with the applicable investment statutes and in accordance with prudent investor standards. There is no formal deposit policy other than compliance to State statute. State statute does not establish any parameters or guidelines related to the concentration of investment risk, investment credit risk, nor interest rate risk. The Investment Policy Statements establish asset allocations and investment structures for both Funds. These asset allocations and investment structures were established with consideration given to each Fund's objectives, time horizons, risk tolerances, performance expectations, and liquidity requirements.

#### *Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investments. The Fund's policy for controlling its exposure to interest rate fluctuations should be viewed with the appropriate perspective. The MMCF/NGTF managers long-term strategy was employed to achieve the Fund's objectives, but there was consideration given to the short-term liquidity needs to meet disbursements required by the Fund. The asset allocation and investment manager structure was designed to tolerate some interim fluctuations in market value while maintaining a long-term return objective of 5.25%.

### Custodial Credit Risk

**Deposits** – The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

At June 30, 2014, the balance of the State of Indiana's deposits was covered in full by federal depository insurance or by the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

**Investment Custodial Credit Risk** – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured and unregistered and are either held by the counterparty's trust department or agent, but not in the name of the State of Indiana. None of the State's investments are exposed to custodial credit risk because they are held in the name of the State of Indiana. Additionally, the Treasurer of State requires all custodians to indemnify the State against all out-of-pocket expenses or losses incurred as a result of (i) the custodian's operational failure, (ii) custodians failure to carry out the credit analysis, (iii) custodian's failure to maintain proper collateral for each loan, or (iv) failure of an approved counterparty to comply with its obligations under the applicable securities lending agreement.

### Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

All investment managers must adhere to the following guideline related to the specific limitation on holdings:

The purchase of securities in the maximum amount invested in any single issuer of a non-agency mortgage-backed, asset-backed, or corporate security shall be limited to an initial cost of 2.5% of the market value of an Investment Manager's portfolio. This limit shall not apply to U.S. Government securities, or mortgage-back securities that are issued by an agency of the U.S. Government. Through capital appreciation, no such holding should exceed 3.5% of the market value of

the total holdings of such Investment Manager's portfolio.

The following table provides information on the credit quality ratings for investments in debt securities, short-term money market funds, bond mutual funds and bond commingled funds, municipal securities, asset-backed, and mortgage-backed securities as of June 30, 2014. The table below reflects the "greatest risk" rating (the credit rating reflecting the greatest degree of risk) as set by three nationally recognized rating organizations (S&P, Moody, and Fitch) for each type of investment.

| Major Moves/Next Generation Funds    |                          |                     |
|--------------------------------------|--------------------------|---------------------|
| Investment Type                      | Greatest Risk<br>Ratings | Fair Value          |
| U.S. Treasuries                      | AA                       | \$ 134,626          |
| U.S. Agencies                        | AA                       | 12,446              |
| Government Asset And Mortgage Backed | AA                       | 15,453              |
| Collateralized Mortgage Obligations  |                          |                     |
| Government CMO's                     | AA                       | 31,328              |
| Corporate CMO's                      | AAA                      | 3,923               |
|                                      | AA                       | 1,237               |
|                                      | A                        | 148                 |
|                                      | BBB                      | 4,879               |
|                                      | B                        | 1,404               |
|                                      | CCC&Below                | 13,641              |
|                                      | NR                       | 2                   |
| Non US Govt/Corp Bonds               | AA                       | 1,114               |
|                                      | A                        | 5,263               |
|                                      | BBB                      | 23,624              |
|                                      | BB                       | 4,564               |
|                                      | B                        | 2,786               |
|                                      | CCC&Below                | 434                 |
|                                      | NR                       | 194                 |
| Corporate Bonds                      | AAA                      | 2,697               |
|                                      | AA                       | 28,926              |
|                                      | A                        | 213,353             |
|                                      | BBB                      | 220,101             |
|                                      | BB                       | 25,093              |
|                                      | B                        | 17,848              |
|                                      | CCC&Below                | 6,981               |
|                                      | NR                       | 29                  |
| Corporate Asset and Mortgage Backed  | AAA                      | 72,023              |
|                                      | AA                       | 10,977              |
|                                      | A                        | 2,920               |
|                                      | BBB                      | 1,438               |
|                                      | BB                       | 185                 |
|                                      | B                        | 1,035               |
|                                      | CCC&Below                | 12,467              |
| Private Placements                   | AAA                      | 18,651              |
|                                      | AA                       | 12,699              |
|                                      | A                        | 14,788              |
|                                      | BBB                      | 21,337              |
|                                      | BB                       | 9,030               |
|                                      | B                        | 9,073               |
|                                      | CCC&Below                | 8,704               |
|                                      | NR                       | 85,300              |
| Municipal Bonds                      | AAA                      | 1,444               |
|                                      | AA                       | 5,687               |
|                                      | A                        | 11,141              |
|                                      | BBB                      | 592                 |
|                                      | BB                       | 338                 |
|                                      | NR                       | 625                 |
| Money Market Mutual Funds            | NR                       | 102,462             |
| <b>Total</b>                         |                          | <b>\$ 1,175,010</b> |

### Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer representing 5% or more of the total investments. The only exemptions from disclosures are US Government Debt, US Government Guaranteed Investments, Mutual Funds, or External Investment Pools. For Intermediate and Core Fixed Income Managers, securities in any one issuer should be limited to not more than 5% of the investment manager's portion of the Fund portfolio measured at market value. For Core Plus Fixed Income Managers, the exposure of each manager's portfolio should be limited to not more than 10% of the manager's portion of the Fund portfolio measured at market value.

As of June 30, 2014, there were no investments in any one issuer that represent 5% or more of the total investments.

### Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Major Moves/Next Generation Trust Fund's foreign currency exposure is focused primarily in fixed income securities. The exposure to foreign currency fluctuation is as follows:

| Currency           | Combined Total   | % of Total Market Value |
|--------------------|------------------|-------------------------|
| Australia          | \$ 190           | 0.02%                   |
| Brazil             | 7,852            | 0.65%                   |
| Columbian Peso     | 1,891            | 0.16%                   |
| Euro               | 14,845           | 1.23%                   |
| Ghana              | 56               | 0.00%                   |
| Indonesia          | 565              | 0.05%                   |
| Mexico New Peso    | 4,503            | 0.37%                   |
| New Zealand        | 695              | 0.06%                   |
| Philippines Peso   | 470              | 0.04%                   |
| Polish Zloty       | 1,372            | 0.11%                   |
| Russian Rubel      | 1,788            | 0.15%                   |
| South African Comm | 640              | 0.05%                   |
| Thailand           | 270              | 0.02%                   |
| Turkey             | 1,036            | 0.09%                   |
| United Kingdom     | (11,500)         | -0.95%                  |
| Uruguayan Peso     | 726              | 0.06%                   |
| <b>Total</b>       | <b>\$ 25,399</b> | <b>2.10%</b>            |

### Securities Lending

The Treasurer of State is authorized by Indiana Code 5-13-10.5-13 to lend securities. Securities may be lent only if the agreement under which the securities are lent is collateralized by (1) cash or (2) interest bearing obligations that are issued by, fully insured by, or guaranteed by the United States, an agency of the United States, a federal instrumentality, or a federal government sponsored enterprise, in excess of the total market value of the loaned securities.

At year end, there were no securities on loan and therefore, no credit risk exposure.

### TrustIndiana, Local Government Investment Pool (Investment Trust Funds)

#### Investment Policy

Indiana Code, Title 5, Article 13, Chapter 9, Section 11 established the local government investment pool (TrustIndiana) within the office and custody of the Treasurer of State. The Treasurer of State shall invest the funds in TrustIndiana in the same manner, in the same type of instruments, and subject to the same limitations provided for the deposit and investment of state funds by the Treasurer of State under Indiana Code 5-13-10.5. State statute does not establish any parameters or guidelines related to the concentration of investment risk, investment credit risk, nor interest rate risk. However, pursuant to IC 5-13-9-11(g)(7), no less than fifty percent of funds available for investment shall be deposited in banks qualified to hold deposits of participating local government entities. Investment criteria have been established to create the principles and procedures by which the funds of TrustIndiana shall be invested and to comply with state statute relating to the investment and deposit of public funds.

#### Valuation of Investments

Consistent with the provisions of a 2a-7 like pool as defined by GASB Statement No. 31, TrustIndiana securities are valued at amortized cost, which approximates market value.

#### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The following is a summary of the Interest Rate Risk Disclosure as of June 30, 2014:

| <b>TrustIndiana - Local Government Investment Pool</b> |                       |                              |
|--|-----------------------|------------------------------|
| <b>Investment Type</b>                                 | <b>Amortized Cost</b> | <b>Maturities (in Years)</b> |
|  |                       | <b>Less than 1</b>           |
| U.S. Agencies  | \$ 64,399             | \$ 64,399                    |
| Commercial Paper                                       | 69,726                | 69,726                       |
| Money Market Mutual Funds                              | 2,990                 | 2,990                        |
| <b>Total</b>   | <b>\$ 137,115</b>     | <b>\$ 137,115</b>            |

#### *Custodial Credit Risk*

Deposits – The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

At June 30, 2014, the balance of all bank deposits were covered in full by federal depository insurance or by the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

Investment Custodial Credit Risk – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured and unregistered and are either held by the counterparty's trust department or agent, but not in the name of the State of Indiana. None of the State's investments are exposed to custodial credit risk because they are held in the name of the State of Indiana. Additionally, the Treasurer of State requires all custodians to indemnify the State against all out-of-pocket expenses or losses incurred as a result of (i) the custodian's operational failure, (ii) custodians failure to carry out the credit analysis, (iii) custodian's failure to maintain proper collateral for each loan, or (iv) failure of an approved counterparty to comply with its obligations under the applicable securities lending agreement.

#### *Credit Risk*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. TrustIndiana limits its investments in any one issuer to the highest rating category issued by one nationally recognized statistical rating organization.

The following table provides information on the credit quality ratings for investments in TrustIndiana:

| <b>TrustIndiana - Local Government Investment Pool</b> |                      |                   |
|--|----------------------|-------------------|
| <b>Investment Type</b>                                 | <b>Greatest Risk</b> |                   |
|  | <b>Ratings</b>       | <b>Fair Value</b> |
| U.S. Agencies  | AA+                  | \$ 64,399         |
| Commercial Paper                                       | A1                   | 69,726            |
| Money Market Mutual Funds                              | AAA                  | 2,990             |
| <b>Total</b>   |                      | <b>\$137,115</b>  |

#### *Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer representing 5% or more of the total investments. As noted above, TrustIndiana is required to be comprised of no less than 50% of deposits in banks from an approved list maintained by the State of Indiana. In addition, TrustIndiana limits its investments in any one issuer to 40% of net assets if the issuer is rated A1+/P1 and 25% of net assets if the issuer is rated A1/P1. The only exemptions from disclosures are US Government Debt, US Government Guaranteed Investments, Mutual Funds, or External Investment Pools.

Investments in any one issuer, not exempt from disclosure, that represents 5% or more of the total investments were:

|      |        |    |        |
|------|--------|----|--------|
| FHLB | 14.56% | \$ | 40,886 |
| FAMC | 7.28%  | \$ | 20,444 |

#### *Securities Lending*

The Treasurer of State is authorized by Indiana Code 5-13-10.5-13 to lend securities. Securities

may be lent under an agreement which requires the loaned securities to be collateralized in the form of (1) cash or (2) interest bearing obligations that are issued by, fully insured by, or guaranteed by the United States, an agency of the United States, a federal instrumentality, or a federal government sponsored enterprise, in an amount at least equal to 102% of the current market value of the loaned securities. The net income earned through securities lending is recorded as additional income to the Pool. As of June 30, 2014, there were no securities on loan and therefore, no credit risk exposure.

## 2. Pension and Other Employee Benefit Trust Funds – Primary Government

### State Police Pension Fund

#### Investment Policy

The Indiana State Police Pension Trust was established in 1937 to provide pension, death, survivor, and other benefits to present and former employees of the department and their beneficiaries who meet the statutory requirement for such benefits.

Indiana Code 10-1-2-2(c), established the prudent investor standard as the primary statutory provision governing the investment of the Trust's assets. IC 10-1-2-2 (c) reads as follows:

The trust fund may not be commingled with any other funds and shall be invested only in accordance with Indiana laws for the investment of trust funds, together with such other investments as are specifically designated in the pension trust. Subject to the terms of the pension trust, the Trustee, with the approval of the Department and the Pension Advisory Board, may establish investment guidelines and limits on all types of investments (including, but not limited to, stocks and bonds) and take other action necessary to fulfill its duty as a fiduciary for the trust fund. However, the Trustee shall invest the trust fund assets with the same care, skill, prudence, and diligence, that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims. The Trustee shall also diversify such investments in accordance with prudent investment standards. There is no formal deposit policy other than compliance to State statute. The following was the SPRF's adopted asset allocation policy as of June 30, 2014:

| Asset Class                | Target Allocation (%) |
|----------------------------|-----------------------|
| Broad domestic equity      | 29.0                  |
| Global ex U.S. equity      | 13.0                  |
| Defensive fixed income     | 4.0                   |
| Domestic fixed income      | 17.0                  |
| High yield fixed income    | 5.0                   |
| Hedge funds - alternatives | 30.0                  |
| Cash and equivalents       | 2.0                   |
| <b>Total</b>               | <b>100.0</b>          |

#### Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The following table provides information on the credit quality ratings for investments in debt securities, short term money market funds, bond mutual/commingled funds, municipal securities, asset-backed, and mortgage backed securities for the State Police Pension Trust. The table reflects the "greatest risk" rating (the credit rating reflecting the greatest degree of risk) as set by three nationally recognized rating organizations (S&P, Moody, and Fitch) for each investment type.

| State Police Pension fund                           |               |                   |
|---|---------------|-------------------|
| Investment Type                                     | Greatest Risk |                   |
|   | Ratings       | Fair Value        |
| U.S. Treasuries                                     | AA            | \$ 5,574          |
| U.S. Agencies                                       | AA            | 515               |
| U.S. Agencies Assets and Mortgage Backed Securities | AA            | 9,381             |
| Collateralized Mortgage Obligations                 |               |                   |
| Corporate CMO's                                     | AAA           | 460               |
|   | A             | 88                |
|   | BBB           | 30                |
| U.S. Agencies CMOs                                  | AA            | 831               |
|   | NR            | 651               |
| Corporate Bonds                                     | AA            | 673               |
|   | A             | 5,506             |
|   | BBB           | 12,298            |
|   | BB            | 684               |
|   | B             | 927               |
|   | CCC & Below   | 157               |
| Corporate Asset Backed                              | AAA           | 3,109             |
|   | AA            | 54                |
|   | A             | 417               |
|   | BBB           | 127               |
| Private Placements                                  | A             | 216               |
|   | BBB           | 693               |
|   | B             | 291               |
| Municipal Bonds                                     | AAA           | 222               |
|   | AA            | 1,346             |
|   | A             | 1,039             |
|   | BBB           | 205               |
| Mutual/Commingled Funds                             | NR            | 72,186            |
| <b>Total</b>  |               | <b>\$ 117,680</b> |

### *Custodial Credit Risk*

Deposits – The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

At June 30, 2014, the balance of the State Police Pension Trust deposits was covered in full by federal depository insurance or by the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

Investment Custodial Credit Risk – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured and unregistered and are either held by the counterparty's trust department or agent, but not in the name of the customer. None of the Indiana State Police Pension Trust's investments are exposed to custodial credit risk because they are held in the name of the Indiana State Police Pension Trust. Additionally, the Treasurer of State requires all custodians to indemnify the State against all out-of-pocket expenses or losses incurred as a result of (i) the custodian's operational failure, (ii) custodians failure to carry out the credit analysis, (iii) custodian's failure to maintain proper collateral for each loan, or (iv) failure of an approved counterparty to comply with its obligations under the applicable securities lending agreement.

### *Method Used to Value Investments*

Investments are reported at fair value. Securities trades on a national or international exchange are valued at the last reported sales price at current exchange rates.

### *Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's

investment in a single issuer. The Indiana State Police Trust has eighteen different investments managers. Each investment manager is retained by the Trust to implement a specific investment style and strategy and shall adhere to the specific limitations on holdings outlined in each investment manager's securities guidelines. The securities guidelines for each investment manager is negotiated and agreed upon in writing on a case-by-case basis and referenced in Appendix D of the Investment Policy Statement.

At June 30, 2014, there were no investments in any one issuer that represents 5% or more of the total investments.

### *Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investments. The Fund's policy for controlling its exposure to interest rate fluctuations should be viewed with the appropriate perspective. A long-term strategy was employed to achieve the Fund's objectives, but there was consideration given to the short-term liquidity needs to meet disbursements required by the Fund. The asset allocation and investment manager structure was designed to tolerate some interim fluctuations in market value while maintaining a long-term return objective to exceed the actuarial assumed interest rate of 6.75%.



The following table provides the interest rate risk disclosure for the Indiana State Police Pension Fund:

| <b>State Police Pension</b>          |                   |   |                  |                  |                     |
|--------------------------------------|-------------------|---|------------------|------------------|---------------------|
| <b>Investment Type</b>               | <b>Fair Value</b> | <b>Investment Maturities (in Years)</b> |                  |                  |                     |
|                                      |                   | <b>Less than 1</b>                      | <b>1 - 5</b>     | <b>6- 10</b>     | <b>More than 10</b> |
| U.S. Treasuries                      | \$ 5,574          | \$ 652                                  | \$ 296           | \$ 2,658         | \$ 1,968            |
| U.S. Agencies                        |                   |   |                  |                  |                     |
| Bonds                                | 515               | -                                       | 310              | 205              | -                   |
| Mortgage Backed                      | 9,381             | 7                                       | 63               | 562              | 8,749               |
| Government CMO's                     | 1,482             | -                                       | -                | 51               | 1,431               |
| Collateralized Mortgage Obligations  |                   |   |                  |                  |                     |
| Corporate CMO's                      | 578               | -                                       | 100              | -                | 478                 |
| Corporate Bonds                      | 20,245            | 1,503                                   | 7,901            | 8,381            | 2,460               |
| Corporate Asset Backed               | 3,707             | 471                                     | 398              | 261              | 2,577               |
| Private Placements                   | 1,200             | -                                       | 462              | 738              | -                   |
| Municipal Bonds                      | 2,812             | -                                       | 997              | 1,055            | 760                 |
| Money Market Mutual Funds            | 72,186            | 72,186                                  | -                | -                | -                   |
| <b>Total Fixed Income Securities</b> | <b>\$ 117,680</b> | <b>\$ 74,819</b>                        | <b>\$ 10,527</b> | <b>\$ 13,911</b> | <b>\$ 18,423</b>    |

### Concentrations

There were no investments in any one issuer that exceeded 5 percent.

### Rate of Return

For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.3%. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

### Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The State Police Pension Trust's foreign currency exposure is focused primarily in international and global equity holdings. The exposure to foreign currency fluctuation is as follows:

| <b>Currency</b>               | <b>Market Value</b> | <b>% of Total Market Value</b> |
|-------------------------------|---------------------|--------------------------------|
| Australia                     | \$ 1,034            | 0.22%                          |
| Chile                         | 850                 | 0.18%                          |
| China                         | 741                 | 0.16%                          |
| France                        | 427                 | 0.09%                          |
| Hong Kong                     | 1,633               | 0.35%                          |
| India                         | 730                 | 0.16%                          |
| Israel                        | 1,146               | 0.25%                          |
| Japan                         | 2,501               | 0.54%                          |
| Netherlands                   | 716                 | 0.15%                          |
| South Korea                   | 953                 | 0.20%                          |
| Spain                         | 1,073               | 0.23%                          |
| Switzerland                   | 1,658               | 0.36%                          |
| United Kingdom                | 1,638               | 0.35%                          |
| <b>Total Foreign Currency</b> | <b>\$ 15,100</b>    | <b>3.24%</b>                   |

### Securities Lending

The Treasurer of State is authorized by Indiana

Code 5-13-10.5-13 to lend securities. Securities may be lent only if the agreement under which the securities are lent is collateralized by (1) cash or (2) interest bearing obligations that are issued by, fully insured by, or guaranteed by the United States, and agency of the United States, an agency of the United States, a federal instrumentality, or a federal government sponsored enterprise. The market value of the required collateral must be in an amount at least equal to 102% of the current market value of the loaned securities.

As of June 30, 2014, the State Police Pension Trust did not have any securities on loan and therefore, no credit risk exposure.

### State Employee Retiree Health Benefit Trust Fund-DB

#### Investment Policy

The State Retiree Health Benefit Trust Fund – DB fund is comprised of the State Police Retiree Health Benefit Trust Fund, the SPD OPEB Trust Fund, the DNR OPEB Trust Fund, and the ATC/Excise OPEB Trust Fund.

The State Police Retiree Health Benefit Trust Fund consists of sections 401(h) and 115 established pursuant to the Internal Revenue Service that are separate accounts established within the State Police Pension Fund for the purpose of paying benefits for sickness, accident, hospitalization, and medical expenses. The assets in this account may be commingled for investment purposes only with the other accounts of the Indiana State Police Pension Fund. The investment authority for this Fund, since it is to be invested in the same manner as the State Police Pension Fund, is established under Indiana Code IC 10-12-2-2(c). There is no formal deposit policy other than compliance to State statute.

IC 10-12-2-2(c) reads as follows:

The trust fund shall be invested only in accordance with Indiana laws for the investment of trust funds, together with such other investments as are specifically designated in the pension trust. Subject to the terms of the pension trust, the Trustee, with the approval of the Department and the Pension Advisory Board, may establish investment guidelines and limits on all types of investments (including, but not limited to, stocks and bonds) and take other action necessary to fulfill its duty as a fiduciary for the trust fund. However, the Trustee shall invest the trust fund assets with the same care, skill, prudence, and diligence, that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims. The Trustee shall also diversify such investments in accordance with prudent investment standards.

The SPD, DNR, and the ATC/Excise OPEB Trust Funds were established pursuant to HEA 1123 of the 2012 Indiana General Assembly. The State Personnel Department administers the SPD OPEB Trust Fund. The Department of Natural Resources administers the DNR OPEB Trust Fund. The ATC/Excise OPEB Trust Fund is administered by the Alcohol and Tobacco Commission. These trust funds were created to provide for the prefunding of annual required contributions and for covering the OPEB liability of covered individuals. The Treasurer of State shall invest monies in these trust funds not currently needed to meet the obligations of the trust funds in the same manner as other public money may be invested. Indiana Code, Title 5, Article 13, Chapters 9, 10, and 10.5, establishes the investment powers and guidelines regarding the State of Indiana investments. There are no formal deposit and investment policies for the investment of these funds other than compliance to State statute. State statute does not establish any parameters or guidelines related to the concentration of investment risk, investment credit risk, nor interest rate risk.

#### *Credit Risk*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The following table provides information on the credit quality ratings for investments in the State Retiree Health Benefit Trust Fund - DB:

| <b>State Employee Retiree Health Benefit Trust Fund - DB</b> |                      |                   |
|--|----------------------|-------------------|
| <b>Investment Type</b>                                       | <b>Greatest Risk</b> |                   |
|  | <b>Ratings</b>       | <b>Fair Value</b> |
| U.S. Agencies  | AA+                  | 75,306            |
| Supranationals   | AAA                  | 10,003            |
|  | NR                   | 1,001             |
| <b>Total</b>   |                      | <b>\$ 86,310</b>  |

#### *Custodial Credit Risk*

Deposits – The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

At June 30, 2014, the balance of any bank deposits was covered in full by federal depository insurance or by the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

Investment Custodial Credit Risk – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured and unregistered and are either held by the counterparty's trust department or agent, but not in the name of the State of Indiana. None of the State's investments are exposed to custodial credit risk because they are held in the name of the State of Indiana. Additionally, the Treasurer of State requires all custodians to indemnify the State against all out-of-pocket expenses or losses incurred as a result of (i) the custodian's operational failure, (ii) custodians failure to carry out the credit analysis, (iii) custodian's failure to maintain proper collateral for each loan, or (iv) failure of an approved counterparty to comply with its obligations under the applicable securities lending agreement.

#### *Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer representing 5% or more of the total investments. The only exemptions from disclosures are US Government Debt, US Government Guaranteed Investments, Mutual Funds, or External Investment Pools. Investments in any one issuer, not exempt from

disclosure, that represent 5% or more of the total investments were:

|      |        |           |
|------|--------|-----------|
| FHLB | 35.91% | \$ 33,677 |
| FAMC | 17.60% | 16,507    |
| FFCB | 13.46% | 12,622    |
| FNMA | 13.33% | 12,500    |
| IBRD | 11.73% | 11,004    |

### Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. There was no foreign currency risk.

### Securities Lending

The Treasurer of State is authorized by Indiana Code 5-13-10.5-13 to lend securities. Securities may be lent only if the agreement under which the securities are lent is collateralized by (1) cash or (2) interest bearing obligations that are issued by, fully insured by, or guaranteed by the United States, an agency of the United States, an agency of the United States government, a federal instrumentality, or a federal government sponsored enterprise in excess of the total market value of the loaned securities.

At year end, there were no securities on loan and therefore, no credit risk exposure.

### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The following is a summary of the Interest Rate Risk Disclosure as of June 30, 2014:

| State Employee Retiree Health Benefit Trust Fund - DB |                  |                            |                  |
|---|------------------|----------------------------|------------------|
| Investment Type                                       | Fair Value       | Investment Maturities (in) |                  |
| U.S. Agencies   | 75,306           | 70,774                     | 4,532            |
| Supranationals  | 11,004           | -                          | 11,004           |
| <b>Total Fixed Income Securities</b>                  | <b>\$ 86,310</b> | <b>\$ 70,774</b>           | <b>\$ 15,536</b> |

### State Employee Retiree Health Benefit Trust Fund-DC

#### Investment Policy

Indiana Code, Title 5, Article 13, Chapters 9, 10, and 10.5, establishes the investment powers and

guidelines regarding the State of Indiana investments. However, the Retiree Health Benefit Trust Fund has separate investment authority as established under Indiana Code 5-10-8-8.5 (b). The Treasurer of State shall invest the money in the trust fund not currently needed to meet the obligations of the trust fund in the same manner as other public money may be invested. There are no formal deposit and investment policies for the investment of these funds other than compliance to State statute. State statute does not establish any parameters or guidelines related to the concentration of investment risk, investment credit risk, nor interest rate risk.

### Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The following table provides information on the credit quality ratings for investments in State Retiree Health Benefit Trust Fund:

| State Employee Retiree Health Benefit Trust Fund - DC |               |                   |
|---|---------------|-------------------|
| Investment Type                                       | Greatest Risk |                   |
|   | Ratings       | Fair Value        |
| U.S. Agencies   | AA            | 197,732           |
| Supranationals  | AAA           | 5,005             |
|   | NR            | 9,995             |
| <b>Total</b>  |               | <b>\$ 212,732</b> |

### Custodial Credit Risk

Deposits – The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

At June 30, 2014, the balance of any bank deposits was covered in full by federal depository insurance or by the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

Investment Custodial Credit Risk – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside

party. Investments are exposed to custodial credit risk if the securities are uninsured and unregistered and are either held by the counterparty's trust department or agent, but not in the name of the State of Indiana. None of the State's investments are exposed to custodial credit risk because they are held in the name of the State of Indiana. Additionally, the Treasurer of State requires all custodians to indemnify the State against all out-of-pocket expenses or losses incurred as a result of (i) the custodian's operational failure, (ii) custodians failure to carry out the credit analysis, (iii) custodian's failure to maintain proper collateral for each loan, or (iv) failure of an approved counterparty to comply with its obligations under the applicable securities lending agreement.

#### *Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer representing 5% or more of the total investments. The only exemptions from disclosures are US Government Debt, US Government Guaranteed Investments, Mutual Funds, or External Investment Pools.

Investments in any one issuer, not exempt from disclosure, that represent 5% or more of the total investments were:

|  |        |            |
|--|--------|------------|
| Federal Home Loan Banks                  | 51.00% | \$ 125,157 |
| Federal Farm Credit Banks                | 14.27% | 35,027     |
| Federal National Mortgage Association    | 5.10%  | 12,528     |
| Federal Agriculture Mortgage Corporation | 8.15%  | 20,000     |
| International Bank for Reconstruction    | 6.11%  | 15,000     |

#### *Foreign Currency Risk*

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. There was no foreign currency risk.

#### *Securities Lending*

The Treasurer of State is authorized by Indiana Code 5-13-10.5-13 to lend securities. Securities may be lent only if the agreement under which the securities are lent is collateralized by (1) cash or (2) interest bearing obligations that are issued by, fully insured by, or guaranteed by the United States, an agency of the United States, an agency of the United States government, a federal instrumentality, or a federal government sponsored enterprise in excess of the total market value of the loaned securities.

At year end, there were no securities on loan and therefore, no credit risk exposure.

#### *Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The following is a summary of the Interest Rate Risk Disclosure as of June 30, 2014:

| State Retiree Health Benefit Trust Fund - DC |                   |                       |                  |
|--|-------------------|-----------------------|------------------|
| Investment Type                              | Fair Value        | Investment Maturities |                  |
|  |                   | Less than 1           | 1 - 5            |
| U.S. Agencies                                | 197,732           | 139,985               | 57,747           |
| Supranationals                               | 15,000            | 9,995                 | 5,005            |
| <b>Total Fixed Income Securities</b>         | <b>\$ 212,732</b> | <b>\$ 149,980</b>     | <b>\$ 62,752</b> |

### **3. Pension Trust Funds – Fiduciary in Nature Component Unit**

#### *Indiana Public Retirement System*

##### *Investment Guidelines and Limitations*

The Indiana General Assembly enacted the prudent investor standard to apply to the INPRS Board of Trustees and govern all its investments. Under statute (IC 5-10.3-5-3(a)) for PERF and (IC 5-10.4-3-10(a)) for TRF, the Board of Trustees must "invest its assets with the care, skill, prudence and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims." The Board of Trustees also is required to diversify such investments in accordance with the prudent investor standard.

Within these governing statutes, the INPRS Board of Trustees has broad authority to invest the assets of the plans. The INPRS Board of Trustees utilizes external investment managers, each with specific mandates to collectively achieve the investment objectives of the retirement funds. Depending on the mandate and the contractual agreement with the investment manager, investments may be managed in separate accounts, commingled accounts, mutual funds or other structures acceptable to the INPRS Board of Trustees. An asset allocation review is conducted periodically.

The INPRS Board of Trustees' strategic asset allocation for the Consolidated Defined Benefit Assets is as follows:

| <b>Asset Classes</b>                 | <b>Target Allocation - %</b> | <b>Allowable Ranges - %</b> |
|--------------------------------------|------------------------------|-----------------------------|
| Public Equity                        | 22.5                         | 20-25                       |
| Private Equity                       | 10                           | 7-13                        |
| Fixed Income - Ex Inflation - Linked | 22                           | 19-25                       |
| Fixed Income - Inflation - Linked    | 10                           | 7-13                        |
| Commodities                          | 8                            | 6-10                        |
| Real Estate                          | 7.5                          | 4-11                        |
| Absolute Return                      | 10                           | 6-14                        |
| Risk Parity                          | 10                           | 5-15                        |

Contributions and asset reallocation in the PERF, TRF Pre-1996 and TRF 1996 Annuity Savings Accounts and the Legislators' Defined Contribution Plan (LEDC) are directed by the members in each plan and as such, the asset allocation will differ from that of the Consolidated Defined Benefit Assets.

The Pension Relief Fund (PR Fund) is invested 100 percent in a money market fund.

The State Employees' Death Benefit Fund and the Public Safety Officers' Special Death Benefit Fund are 100 percent invested in short-term and fixed income investments.

#### *Rate of Return*

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the fiscal year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense is as follows:

| <b>Pension Trust Funds (1)</b>  | <b>2014 Annual Money Weighted Rate of Return</b> |
|---|--|
| Public Employees' Retirement Fund   | 12.33%   |
| Teachers' Retirement Fund Pre-1996 Account (2)  | 12.71%   |
| Teachers' Retirement Fund 1996 Account (2)  | 12.71%   |
| 1977 Police Officers' and Firefighters' Pension and Disability Fund   | 13.70%   |
| Judges' Retirement System   | 13.69%   |
| State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan | 13.69%   |
| Prosecuting Attorneys' Retirement Fund  | 13.70%   |
| Legislators' Defined Benefit Plan   | 13.65%   |
| <b>Total INPRS (3)</b>  | <b>12.69%</b>                                    |

(1) Excludes the Legislators' Defined Contribution Plan.  
(2) The Teachers' Retirement Fund Accounts are combined for investment purposes.  
(3) Rate of return also includes Legislators' Defined Contribution Plan, State Employees' Death Benefit Fund, Public Safety Officers' Special Death Benefit Fund and Pension Relief Fund.

#### *Cash in Bank and Deposits*

Cash balances represent both operational demand deposit accounts held at the bank and, investment related cash and short-term investments, both pooled and non-pooled, on deposit with the investment custodian. To maximize investment income, the float caused by outstanding checks is invested in a short-term investment account, thus causing a possible negative book balance. Negative book balances are reflected in the liabilities section of the Statement of Fiduciary Net Position.

The table below presents the INPRS total deposits and short-term investment funds as of June 30, 2014.

| <b>Cash Deposits</b>  | <b>Total</b>        |
|---|---------------------|
| Demand Deposit Account – Bank Balances (Insured by FDIC up to \$250 thousand per financial institution) | \$ 10,050           |
| Held with Treasurer of State (Fully insured)  | 4,951               |
| Demand Deposit - Outstanding Check Flot   | (39,299)            |
| Held with Custodian Bank (Uncollateralized)   | 161,544             |
| Short-term Investment Funds held at Bank (Collateralized)   | 963,462             |
| <b>Total</b>  | <b>\$ 1,100,708</b> |

### Summary of Investments Held

A summary of investments held as of June 30, 2014, exclusive of operational cash and the securities lending program is as follows:

| <b>Investment Type (1)</b>  | <b>Fair Value</b>    | <b>% of Total Investments</b> |
|---|----------------------|-------------------------------|
| <b><u>Short-Term Investments (2)</u></b>  |                      |                               |
| Cash at Brokers   | \$ 161,544           | 0.5%                          |
| Money Market Sweep Vehicle  | 963,462              | 3.2                           |
| Commercial Paper  | 3,474                | 0.0                           |
| U.S. Treasury Obligations   | 150,803              | 0.5                           |
| U.S. Agencies   | 34,418               | 0.1                           |
| Non-U.S. Governments  | 17,162               | 0.1                           |
| <b>Total Short-Term Investments</b>   | <b>1,330,863</b>     | <b>4.4</b>                    |
| <b><u>Fixed Income Investments</u></b>  |                      |                               |
| U.S. Governments  | 4,380,484            | 14.4                          |
| Non-U.S. Governments  | 2,474,447            | 8.1                           |
| U.S. Agencies   | 747,558              | 2.5                           |
| Corporate Bonds   | 2,898,294            | 9.5                           |
| Asset-Backed Securities   | 928,810              | 3.0                           |
| Commingled Fixed Income Funds   | 958,272              | 3.1                           |
| <b>Total Fixed Income Investments</b>   | <b>12,387,865</b>    | <b>40.6</b>                   |
| <b><u>Equity Investments</u></b>  |                      |                               |
| Domestic Equities   | 3,212,707            | 10.5                          |
| International Equities  | 2,860,157            | 9.4                           |
| Commingled Equity Funds   | 1,575,701            | 5.1                           |
| <b>Total Equity Investments</b>   | <b>7,648,565</b>     | <b>25.0</b>                   |
| <b><u>Alternative Investments</u></b>   |                      |                               |
| Private Equity  | 4,802,039            | 15.7                          |
| Absolute Return   | 1,425,500            | 4.7                           |
| Private Real Estate   | 410,929              | 1.3                           |
| Risk Parity   | 2,496,392            | 8.2                           |
| <b>Total Alternative Investments</b>  | <b>9,134,860</b>     | <b>29.9</b>                   |
| <b><u>Derivatives</u></b>   | <b>27,082</b>        | <b>0.1</b>                    |
| <b>Total Investments</b>  | <b>\$ 30,529,235</b> | <b>100.0%</b>                 |
| <p>(1) The amounts disclosed above differ from the Asset Allocation Summary. The investment type disclosure groups assets according to the security type assigned to each investment by the Custodian. The Asset Allocation Summary groups assets according to the investment objective of each investment manager.</p> <p>(2) Short-Term investments include highly liquid assets, both non-pooled and pooled, that are an integral part of the pension investments.</p> |                      |                               |

### Custodial Credit Risk

Deposits, investment securities, and collateral securities are exposed to custodial credit risk if they are uninsured and uncollateralized. Custodial credit risk is the risk that, in the event of a failure of the counterparty, INPRS will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to risk if the securities are uninsured, are not registered in the name of INPRS and are held by either the counterparty or the counterparty trust department's agent, but not in INPRS' name.

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized or collateralized with securities held by the pledging financial institution. At June 30, 2014, there were no investment or collateral securities subject to custodial credit risk and \$171,344 thousand of cash on deposit which was uninsured and uncollateralized and therefore

exposed to credit risk as disclosed under cash in bank and deposits.

Per IC 5-10.3-5-4(a) and IC 5-10.3-5-5 for PERF and IC 5-10.4-3-14(a) and IC 5-10.4-3-13 for TRF, securities are required to be held for the fund under custodial agreements. INPRS' custody agreement with the custodian requires that the custodian segregate the securities on the custodian's books and records from the custodian's own property. In addition, any investment manager for INPRS is not allowed, under any circumstances, to take possession, custody, title, or ownership of any managed assets.

### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investments. Duration is a measure of interest rate risk. The longer the maturity, the more the value of the fixed-income investment will fluctuate with interest rate changes. The INPRS Investment

Policy Statement recognizes interest rate risk as a market risk factor that is monitored on an absolute and relative basis.

As of June 30, 2014 the debt securities had the following duration information:

| <b>Debt Security Type</b>             | <b>Fair Value<br/>6/30/2014</b> | <b>% of All<br/>Debt<br/>Securities</b> | <b>Portfolio<br/>Weighted<br/>Average<br/>Effective<br/>Duration<br/>(Years)</b> |
|---------------------------------------|---------------------------------|---|--|
| <b>Short Term Investments</b>         |                                 |   |  |
| Money Market Sweep Vehicle            | \$ 963,462                      | 7.0%                                    | 0.01   |
| Commercial Paper                      | 3,474                           | 0.1%                                    | 0.16   |
| U.S. Treasury Obligations             | 150,803                         | 1.1%                                    | 0.11   |
| U.S. Agencies                         | 34,418                          | 0.2%                                    | 0.12   |
| Non-U.S. Government                   | 17,162                          | 0.1%                                    | 0.22   |
| Duration Not Available                | 161,544                         | 1.2%                                    | N/A  |
| <b>Total Short Term Investments</b>   | <b>1,330,863</b>                | <b>9.7%</b>                             |  |
| <b>Fixed Income Investments</b>       |                                 |   |  |
| U.S. Governments                      | 4,380,484                       | 31.9%                                   | 7.64   |
| Non-U.S. Government                   | 2,474,447                       | 18.0%                                   | 6.44   |
| U.S. Agencies                         | 747,558                         | 5.5%                                    | 2.77   |
| Corporate Bonds                       | 2,823,689                       | 20.6%                                   | 5.28   |
| Asset-Backed Securities               | 899,519                         | 6.6%                                    | 1.07   |
| Duration Not Available                | 1,062,168                       | 7.7%                                    | N/A  |
| <b>Total Fixed Income Investments</b> | <b>12,387,865</b>               | <b>90.3%</b>                            |  |
| <b>Total Debt Securities</b>          | <b>\$ 13,718,728</b>            | <b>100.0%</b>                           |  |

The \$1,224 million, for which no duration was available, is primarily made up of cash and commingled debt funds.

#### *Credit Risk*

The credit risk of investments is the risk that the issuer will default and not meet their obligations.

The INPRS Investment Policy Statement recognizes credit (quality) risk as a market and strategic risk factor that is monitored on an absolute and relative basis.

The quality rating of investments in debt securities as described by Moody's at June 30, 2014 is as follows:

| <b>Moody's Rating</b>      | <b>Short-Term<br/>Investments</b> | <b>Fixed<br/>Income<br/>Securities</b> | <b>Total</b>         | <b>Percentage<br/>of All Debt<br/>Securities</b> |
|----------------------------|-----------------------------------|--|----------------------|--|
| U.S. Government Guaranteed | \$ -                              | \$ 4,443,101                           | \$ 4,443,101         | 32.4%  |
| Aaa                        | 185,222                           | 1,852,621                              | 2,037,843            | 14.9%  |
| Aa                         | -                                 | 1,469,909                              | 1,469,909            | 10.7%  |
| A                          | -                                 | 915,584                                | 915,584              | 6.7%   |
| Baa                        | -                                 | 1,633,392                              | 1,633,392            | 11.9%  |
| Ba                         | -                                 | 306,423                                | 306,423              | 2.2%   |
| B                          | -                                 | 161,455                                | 161,455              | 1.2%   |
| Below B                    | -                                 | 125,534                                | 125,534              | 0.9%   |
| Unrated                    | 1,145,641                         | 1,479,846                              | 2,625,487            | 19.1%  |
| <b>Total</b>               | <b>\$ 1,330,863</b>               | <b>\$12,387,865</b>                    | <b>\$ 13,718,728</b> | <b>100.0%</b>                                    |

The \$2,625 million not rated by Moody's is primarily in the following security types: cash at broker, money market sweep vehicles, asset-backed

securities, commercial mortgages, CMO/Remics and commingled debt funds.

Concentration of credit risk is the risk of loss that may arise in the event of default by a single issuer. The INPRS Investment Policy Statement recognizes issuer risk as a strategic risk factor that is monitored on an absolute and relative basis.

INPRS Investment Policy Statement has placed an upper limit on the concentration of assets placed with an investment manager.

No investment manager shall manage more than 10 percent of the system's assets in actively managed portfolios at the time of funding. Through capital appreciation and additional purchases, no investment manager shall be allowed to manage in excess of 15 percent of the system's assets in actively managed portfolios without Board approval.

No investment manager shall manage more than 15 percent of the system's assets in passively managed portfolios at the time of funding. Through capital appreciation and additional purchases, no investment manager shall be allowed to manage in excess of 20 percent of the system's assets in passively managed portfolios without Board approval.

No investment manager shall manage more than 25 percent of the system's assets in a combination of actively and passively managed portfolios.

At June 30, 2014, single issuer exposure in the portfolio did not exceed 5 percent of the total net investments.

#### *Foreign Currency Risk*

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. INPRS' foreign currency exposure is focused primarily in international fixed income and equity holdings.

At June 30, 2014, INPRS did not have a currency hedging program at the total fund level. However, at the manager level, hedging currency risk is allowed and certain managers actively manage currency exposure. INPRS monitors currency risk at the total fund level, portfolio level, and asset class level.



INPRS has exposure to foreign currency fluctuation as follows:

| Currency                        | Short Term<br>Investments | Fixed<br>Income     | Equity              | Other<br>Investments | Grand Total         | % of Total   |
|---------------------------------|---------------------------|---------------------|---------------------|----------------------|---------------------|--------------|
| Australian Dollar               | \$ (240)                  | \$ 47,965           | \$ 61,627           | \$ (22,796)          | \$ 86,556           | 0.3%         |
| Brazilian Real                  | 189                       | 53,493              | 20,386              | (3,250)              | 70,818              | 0.2          |
| Canadian Dollar                 | 470                       | 113,912             | 107,955             | (105,261)            | 117,076             | 0.4          |
| Chilean Peso                    | -                         | 1,887               | -                   | 2,767                | 4,654               | -            |
| Chinese R Yuan HK               | -                         | -                   | -                   | 24,650               | 24,650              | 0.1          |
| Chinese Yuan Renminbi           | -                         | -                   | -                   | (11)                 | (11)                | -            |
| Colombian Peso                  | 43                        | 20,316              | -                   | (881)                | 19,478              | 0.1          |
| Czech Koruna                    | -                         | -                   | 5,837               | -                    | 5,837               | -            |
| Danish Krone                    | 66                        | 15,275              | 29,440              | (3,194)              | 41,587              | 0.1          |
| Dominican Rep Peso              | -                         | 2,270               | -                   | -                    | 2,270               | -            |
| Egyptian Pound                  | -                         | -                   | 324                 | -                    | 324                 | -            |
| Euro Currency Unit              | 13,441                    | 1,126,815           | 653,170             | (385,168)            | 1,408,258           | 4.8          |
| Hong Kong Dollar                | 491                       | -                   | 135,074             | 609                  | 136,174             | 0.4          |
| Hungarian Forint                | 81                        | 3,257               | 2,445               | 3,282                | 9,065               | -            |
| Indian Rupee                    | 110                       | 3,571               | 38,701              | 21,500               | 63,882              | 0.2          |
| Indonesian Rupiah               | 3                         | 18,135              | 5,673               | 4,238                | 28,049              | 0.1          |
| Israeli Shekel                  | 21                        | -                   | 2,500               | (7,752)              | (5,231)             | -            |
| Japanese Yen                    | 1,682                     | 231,495             | 412,522             | (79,120)             | 566,579             | 1.9          |
| Malaysian Ringgit               | 3,419                     | 20,388              | 1,556               | 10,360               | 35,723              | 0.1          |
| Mexican Peso                    | 14,503                    | 57,573              | 5,224               | (14,435)             | 62,865              | 0.2          |
| New Taiwan Dollar               | 170                       | -                   | 62,185              | (8,010)              | 54,345              | 0.2          |
| New Turkish Lira                | 25                        | 29,372              | 21,298              | (15,686)             | 35,009              | 0.1          |
| New Zealand Dollar              | 73                        | 2,392               | 2,682               | (4,020)              | 1,127               | -            |
| Nigerian Naira                  | 798                       | 553                 | -                   | 1,716                | 3,067               | -            |
| Norwegian Krone                 | 212                       | 2,812               | 34,165              | 35,480               | 72,669              | 0.2          |
| Peruvian Nuevo Sol              | -                         | 1,267               | -                   | 2,803                | 4,070               | -            |
| Philippines Peso                | 18                        | 1,019               | 1,436               | 679                  | 3,152               | -            |
| Polish Zloty                    | 104                       | 23,614              | 4,120               | 20,662               | 48,500              | 0.2          |
| Pound Sterling                  | 2,094                     | 412,571             | 351,701             | (146,264)            | 620,102             | 2.1          |
| Qatari Riyal                    | -                         | -                   | 2,197               | -                    | 2,197               | -            |
| Romania Leu                     | 27                        | 4,840               | -                   | (71)                 | 4,796               | -            |
| Russian Rubel                   | 7                         | 20,450              | -                   | 1,492                | 21,949              | 0.1          |
| S. Africa Comm Rnd              | 265                       | 20,974              | 29,815              | 2,699                | 53,753              | 0.2          |
| Singapore Dollar                | 73                        | 6,539               | 32,908              | (11,832)             | 27,688              | 0.1          |
| South Korean Won                | 30                        | (474)               | 76,720              | 19,973               | 96,249              | 0.3          |
| Swedish Krona                   | 281                       | 67,815              | 61,147              | (40,175)             | 89,068              | 0.3          |
| Swiss Franc                     | 1,431                     | 3,032               | 144,227             | (17,110)             | 131,580             | 0.4          |
| Thai Baht                       | 136                       | 11,288              | 6,456               | (3,865)              | 14,015              | -            |
| UAE Dirham                      | -                         | -                   | 1,666               | -                    | 1,666               | -            |
| Zambia Kwacha                   | -                         | 339                 | -                   | -                    | 339                 | -            |
| <b>Held in Foreign Currency</b> | <b>\$ 40,023</b>          | <b>\$ 2,324,755</b> | <b>\$ 2,315,157</b> | <b>\$ (715,991)</b>  | <b>\$ 3,963,944</b> | <b>13.1%</b> |

The foreign currency exposure consists of unhedged assets within the investment portfolio. The short term investment, debt securities and equity securities include accruals. Other investments include foreign holdings of other investments, derivatives and receivables/payables.

#### Securities Lending

Indiana Code 5-10.2-2-13(d) provides that the INPRS Board of Trustees may authorize a custodian bank to enter into a securities lending program agreement under which certain securities

held by the custodian on behalf of INPRS may be loaned. The statute requires that collateral initially in excess of the total fair value of the loaned securities must be pledged by the borrower and must be maintained at no less than the total fair value of the loaned securities.

The purpose of such a program is to provide additional revenue for the Consolidated Defined Benefits Assets. The INPRS Investment Policy Statement requires that collateral securities and/or cash be initially pledged at 102 percent of the fair value of the securities lent for domestic securities

and 105 percent for international securities. No more than 40 percent of the Consolidated Defined Benefit Assets may be lent at one time. The custodian bank and/or its securities lending sub-agents provide 100 percent indemnification of the

Consolidated Defined Benefit Assets against borrower default, overnight market risk and failure to return loaned securities. Securities received as collateral cannot be pledged or sold unless the borrower defaults.

At June 30, 2014, INPRS had no credit risk exposure since the collateral value held exceeded the fair value of securities on loan.

| <b>Securities Lending as of June 30, 2014</b> |   |   |
|---|---|---|
| <b>Security Type</b>                          | <b>Fair Value of Securities on Loan</b> | <b>Collateral Value (Securities and Cash)</b> |
| U.S. Governments                              | \$ 1,621,578                            | \$ 1,667,028                                  |
| Corporate Bonds                               | 168,003                                 | 172,057                                       |
| International Bonds                           | 65,422                                  | 67,243  |
| Domestic Equities                             | 632,347                                 | 654,485                                       |
| International Equities                        | 83,079                                  | 90,866  |
| <b>Total</b>                                  | <b>\$ 2,570,429</b>                     | <b>\$ 2,651,679</b>                           |

Cash collateral can be reinvested. The reinvested assets are subject to the investment guidelines specified by the INPRS Investment Policy Statement. It states that the maximum weighted average days to maturity may not exceed 60. The securities lending agent matches the maturities of

the cash collateral investments with stated securities loans' termination dates. Cash collateral received for open-ended loans that can be terminated on demand are invested with varying maturities. INPRS retains the fair value risk with respect to the investment of the cash collateral.

The quality rating of the reinvested cash collateral investments as described by Standard and Poor's at June 30, 2014 is as follows:

| <b>Standard and Poor's Rating</b> | <b>Commercial Paper</b> | <b>Repurchase Agreements</b> | <b>U.S. Agencies</b> | <b>Floating Rate Notes</b> | <b>Certificates of Deposit</b> | <b>Fair Value of Reinvested Cash Collateral</b> | <b>Percent of Portfolio</b> |
|-----------------------------------|-------------------------|------------------------------|----------------------|----------------------------|--------------------------------|---|-----------------------------|
| A-1 and A-1+                      | \$ 707,030              | \$ -                         | \$ 36,600            | \$ -                       | \$ 166,519                     | \$ 910,149                                      | 42.0%                       |
| AA+                               | -                       | -                            | -                    | 16,712                     | -                              | 16,712  | 0.8%                        |
| AA-                               | -                       | -                            | -                    | 379,448                    | -                              | 379,448   | 17.5%                       |
| A+                                | -                       | -                            | -                    | 221,806                    | -                              | 221,806   | 10.2%                       |
| A                                 | -                       | -                            | -                    | 17,405                     | -                              | 17,405  | 0.8%                        |
| Unrated                           | -                       | 623,472                      | -                    | -                          | -                              | 623,472   | 28.7%                       |
| <b>Total</b>                      | <b>\$ 707,030</b>       | <b>\$ 623,472</b>            | <b>\$ 36,600</b>     | <b>\$ 635,371</b>          | <b>\$ 166,519</b>              | <b>\$ 2,168,992</b>                             | <b>100.0%</b>               |

The majority of the unrated reinvested cash collateral investments consist of repurchase agreements.

#### *Repurchase Agreements*

A repurchase agreement is an agreement in which INPRS transfers cash to a broker-dealer or financial institution. The broker-dealer or financial institution transfer securities to INPRS and promises to repay

the cash plus interest in exchange for the same securities. Repurchase agreements are assets with the security collateral held at INPRS' custodian bank.

An obligation under reverse repurchase agreement is the same as a repurchase agreement, but from

the perspective of the buyer rather than the seller. Obligations under reverse repurchase agreements are liabilities with INPRS' security collateral held at the broker dealer or financial institution's custodian bank.

Cash received and reinvested in securities are not required to match the maturities of the securities posted as collateral.

At June 30 2014, INPRS did not have a repurchase agreement or an obligation under reverse repurchase agreement program at the total fund level. However, at the manager level, repurchase agreements and obligations under reverse repurchase agreements are allowable investments.

There were no repurchase agreements held at June 30, 2014 outside of the securities lending collateral holdings. The amounts held at June 30, 2014 for obligations under reverse repurchase agreements, exclusive of securities lending reinvested cash collateral, are as follows:

| Obligations Under Reverse Repurchase Agreements by Collateral Type | Cash Collateral Posted | Fair Value |
|--|------------------------|------------|
| U.S. Treasury  | \$ 225,614             | \$ 227,143 |

At June 30, 2014, INPRS had no credit risk exposure related to obligations under reverse repurchase agreements since the collateral value posted exceeded the fair value of the liability held.

#### *Derivative Financial Instruments*

#### **Overview of Derivatives**

Derivative instruments are financial contracts whose values depend on the values of one or more underlying assets, reference rates, or financial indices. The fair value of all derivative financial instruments is reported in the Statement of Fiduciary Net Position as either assets or liabilities, and the change in the fair value is recorded in the Statement of Changes in Fiduciary Net Position as investment income. A derivative instrument could be a contract negotiated on behalf of the Master Trust and a specific counterparty. This would typically be referred to as an "OTC contract" (Over the Counter) such as swaps and forward contracts. Alternatively, a derivative instrument, such as futures, could be listed and traded on an exchange and referred to as "exchange traded." Due to the level of risk associated with certain derivative

investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near term, and such changes could affect the amounts reported in the financial statements. Investments in limited partnerships may include derivatives that are not shown in the derivative total.

The derivative instruments held by INPRS are considered investments and not hedges for accounting purposes. The gains and losses arising from this activity are recognized as incurred in the Statement of Changes in Fiduciary Net Position.

All investment derivatives discussed below are included within the Investment Risk Schedules, which precede this section. Investment derivative instruments are disclosed separately to provide a comprehensive and distinct view of this activity and its impact on the overall investment portfolio. INPRS holds investments in limited partnership and commingled investment funds, which may utilize derivatives from time to time for hedging purposes, and any derivatives held by these types of investment vehicles are not included in the information describing the INPRS' derivatives.

#### **Futures**

A futures contract is an agreement between two parties to buy and sell a financial instrument at a set price on a future date.

INPRS' investment managers use financial futures to replicate an underlying security or index they intend to hold or sell in the portfolio. In certain instances, it may be beneficial to own a futures contract rather than the underlying security. Additionally, INPRS' investment managers use futures contracts to adjust the portfolio risk exposure. Futures contracts may be used for the purpose of investing cash flows or modifying duration, but in no event may leverage be created by any individual security or combination of securities. No short sales of equity securities or equity index derivatives are permitted.

As the fair value of the futures contract varies from the original contract price, a gain or loss is recognized and paid to, or received from, the clearinghouse. The cash or securities to fulfill these obligations are held in the investment portfolio.

#### **Options**

Options are agreements that give the owner of the option the right, but not obligation, to buy (in the case of a call) or to sell (in the case of a put) a specific amount of an asset for a specific price on or before a specified expiration date.

The purchaser of put options pays a premium at the outset of the agreement and stands to gain from an unfavorable change (i.e., a decrease) in the price of the instrument underlying the option. The writer of a call option receives a premium at the outset of the agreement and bears the risk of an unfavorable change (i.e., an increase) in the price of the instrument underlying the option. An interest rate swaption is the option to enter into an interest rate swap based off a set of predetermined conditions.

Options are generally used to manage interest rate risk, adjust portfolio duration, or rebalance the total portfolio to the target asset allocation. The fair value of exchange-traded options is determined based upon quoted market prices.

The fair value of over the counter options is determined by external pricing services, using various proprietary methods, based upon the type of option.

### **Swaps**

Interest rate swaps are derivative instruments in which one party exchanges a stream of fixed interest rate cash flows for floating interest rate cash flows. A notional amount of principal is required to compute the actual cash amounts and is determined at the inception of the contract.

Interest rate swaps are generally used to manage interest rate risk, adjust portfolio duration, or rebalance the total portfolio to the target asset allocation. The fair value is determined by external pricing services using various proprietary methods.

An inflation swap is a derivative used to transfer inflation risk from one party to another through an exchange of cash flows. In an inflation swap, one party pays a fixed rate on a notional principal amount, while the other party pays a floating rate linked to an inflation index, such as the Consumer Price Index (CPI) or an inflation bond.

Credit default swap agreements involve one party (referred to as the buyer of protection) making a stream of payments to another party (the seller of protection) in exchange for the right to receive a specified return in the event of a default or other predetermined credit event for the referenced entity, obligation or index.

Credit default swaps are used to achieve the desired credit exposure of a security or basket of securities. One of the main advantages of a credit default swap is it allows for exposure to credit risk while limiting exposure to other risks, such as interest rate and currency risk. The fair value is determined by external pricing services using various proprietary methods.

### **Forwards**

A forward currency exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. A contract is classified as a forward contract when the settlement date is more than two days after the trade date. Risks associated with such contracts include movement in the value of a foreign currency relative to the U.S. dollar. The contracts are valued at forward exchange rates and include net appreciation / depreciation in the Statement of Fiduciary Net Position. Realized gains or losses on forward currency contracts is the difference between the original contract and the closing value of such contract and is included in the Statement of Changes in Fiduciary Net Position.

The Fund enters into foreign currency forwards to manage exposure to fluctuations in foreign currency exchange rates on portfolio holdings and to settle future obligations.

## Derivative Contracts

The tables below summarize INPRS' derivative contracts for the year ending June 30, 2014:

| <b>Investment Derivatives</b>                      | <b>Changes<br/>in Fair<br/>Value</b> | <b>Fair Value</b> | <b>Notional<br/>(USD)</b> |
|--|--------------------------------------|-------------------|---------------------------|
| <b>Futures:</b>                                    |                                      |                   |                           |
| Index Futures - Long                               | \$ 13,719                            | \$ 13,719         | \$ 624,486                |
| Commodity Futures - Long                           | 25,474                               | 25,474            | 1,277,538                 |
| Fixed Income Futures - Long                        | 1,212                                | 1,212             | 443,391                   |
| Fixed Income Futures - Short                       | (699)                                | (699)             | (572,292)                 |
| Foreign Currency Futures - Long                    | 29                                   | 29                | 38,388                    |
| Foreign Currency Futures - Short                   | (435)                                | (435)             | (383,873)                 |
| <b>Total Futures</b>                               | <b>39,300</b>                        | <b>39,300</b>     | <b>1,427,638</b>          |
| <b>Options:</b>                                    |                                      |                   |                           |
| Currency Spot Options Bought                       | (147)                                | 796               | 59,840                    |
| Currency Spot Options Written                      | 184                                  | (986)             | 84,349                    |
| Interest Rate Options Bought                       | (986)                                | 6,372             | 333,220                   |
| Interest Rate Options Written                      | 649                                  | (1,326)           | 144,320                   |
| Fixed Income Options Bought                        | (140)                                | 36                | 36                        |
| Fixed Income Options Written                       | 121                                  | (18)              | (18)                      |
| Foreign Currency Options Bought                    | (113)                                | 66                | 160                       |
| Foreign Currency Options Written                   | 79                                   | (5)               | (5)                       |
| Credit Default Single Issuer Swaptions Written     | 23                                   | (60)              | 97,800                    |
| Credit Default Index Swaptions Written             | 21                                   | (17)              | 22,700                    |
| Inflation Rate Swaptions Bought                    | (8)                                  | 7                 | 6,955                     |
| <b>Total Options</b>                               | <b>(317)</b>                         | <b>4,865</b>      | <b>749,357</b>            |
| <b>Swaps:</b>                                      |                                      |                   |                           |
| Interest Rate Swaps - Pay Fixed Receive Variable   | (14,747)                             | (26,533)          | 937,072                   |
| Interest Rate Swaps - Pay Variable Receive Fixed   | 12,700                               | 5,310             | 1,014,556                 |
| Forward Volatility Agreement Straddle              | (29)                                 | 268               | 2,600                     |
| Currency Swaps                                     | 24                                   | 27                | 13,102                    |
| Credit Default Swaps Single Name - Buy Protection  | (1,237)                              | 404               | 72,062                    |
| Credit Default Swaps Single Name - Sell Protection | 936                                  | 1,130             | 50,900                    |
| Credit Default Swaps Index - Buy Protection        | (816)                                | 1,432             | 32,916                    |
| Credit Default Swaps Index - Sell Protection       | 290                                  | 879               | 45,555                    |
| <b>Total Swaps</b>                                 | <b>(2,879)</b>                       | <b>(17,083)</b>   | <b>2,168,763</b>          |
| <b>Total Derivatives</b>                           | <b>\$ 36,104</b>                     | <b>\$ 27,082</b>  | <b>\$ 4,345,758</b>       |

The table below summarizes the swap maturity profile as of June 30, 2014.

| <b>Swap Type</b>                                   | <b>Swap Maturity Profile at June 30, 2014</b> |                  |                    |                    |                   |                    |
|--|---|------------------|--------------------|--------------------|-------------------|--------------------|
|  | <b>&lt; 1 yr</b>                              | <b>1 - 5 yrs</b> | <b>5 - 10 yrs</b>  | <b>10 - 20 yrs</b> | <b>20 + yrs</b>   | <b>Total</b>       |
| Interest Rate Swaps - Pay Fixed Receive Variable   | \$ -  | \$ (1,841)       | \$ (12,345)        | \$ (7,861)         | \$ (4,486)        | \$ (26,533)        |
| Interest Rate Swaps - Pay Variable Receive Fixed   | -   | 6,372            | (1,370)            | 308                | -                 | 5,310              |
| Forward Volatility Agreement Straddle              | 268   | -                | -                  | -                  | -                 | 268                |
| Currency Swaps                                     | -   | 29               | (2)                | -                  | -                 | 27                 |
| Credit Default Swaps Single Name - Buy Protection  | -   | (1,004)          | 774                | -                  | 634               | 404                |
| Credit Default Swaps Single Name - Sell Protection | -   | 1,251            | (121)              | -                  | -                 | 1,130              |
| Credit Default Swaps Index - Buy Protection        | -   | (181)            | -                  | -                  | 1,613             | 1,432              |
| Credit Default Swaps Index - Sell Protection       | -   | 879              | -                  | -                  | -                 | 879                |
| <b>Total Swap Fair Value</b>                       | <b>\$ 268</b>                                 | <b>\$ 5,505</b>  | <b>\$ (13,064)</b> | <b>\$ (7,553)</b>  | <b>\$ (2,239)</b> | <b>\$ (17,083)</b> |

**Credit Risk**

Counterparty credit risk exists on all open OTC positions. Counterparty credit risk is the risk that a derivative counterparty may fail to meet its payment obligation under the derivative contract.

INPRS' investment managers use International Swaps and Derivative Association Master Agreements to further reduce counterparty risk by specifying credit protection mechanisms and providing standardization that improves legal certainty, thereby reducing the probability of unforeseen losses. Furthermore, the master agreements can provide additional credit protection through the requirement of collateral exchange and certain event of default and mutual termination

provisions. Securities eligible as collateral are typically United States government bills and U.S. dollar cash.

The maximum amount of loss due to credit risk that the Fund would incur if the counterparty to the derivative instrument failed to perform according to the terms of the contract, without respect to any collateral or other security, or netting arrangements, is the total unrealized gain of derivatives at the end of the reporting period. The aggregate fair value of investment derivative instruments in an unrealized gain position at June 30, 2014, was \$33,677 thousand, of which \$31,587 thousand was uncollateralized.

The tables below summarize the counterparty positions as of June 30, 2014:

| <b>Swaps Counterparty</b>       | <b>S&amp;P Rating</b> | <b>Fair Value</b>                  |                                   | <b>Total Fair Value</b> | <b>Collateral</b> |                    |
|---------------------------------|-----------------------|------------------------------------|-----------------------------------|-------------------------|-------------------|--------------------|
|                                 |                       | <b>Receivable/ Unrealized Gain</b> | <b>Payable/ (Unrealized Loss)</b> |                         | <b>Posted</b>     | <b>Received</b>    |
| Bank of America                 | A-                    | \$ 259                             | \$ (225)                          | \$ (101)                | \$ 360            | \$ (1,160)         |
| Barclays                        | A-                    | 181                                | (197)                             | (197)                   | 200               | -                  |
| Citibank                        | A-                    | 895                                | (2,011)                           | 2,176                   | 877               | (3,167)            |
| CME Central                     | AA-                   | 30,181                             | (28,927)                          | (18,286)                | -                 | -                  |
| Credit Suisse                   | A-                    | 20                                 | (59)                              | (4)                     | 50                | (72)               |
| Deutsche Bank                   | A                     | 167                                | (1,141)                           | (944)                   | -                 | (4,449)            |
| Goldman Sachs                   | A-                    | 826                                | (1,353)                           | 885                     | 510               | (570)              |
| HSBC Securities Inc             | A+                    | 4                                  | (132)                             | (132)                   | -                 | -                  |
| Intercontinental Exchange, Inc. | A                     | 417                                | (348)                             | 273                     | -                 | -                  |
| JPMorgan Chase Bank             | A                     | 108                                | (334)                             | (262)                   | -                 | (530)              |
| London Clearing House           | A-                    | 530                                | (935)                             | (651)                   | -                 | -                  |
| Royal Bank of Canada (RBC)      | AA-                   | 17                                 | (2)                               | (2)                     | 1,600             | -                  |
| UBS                             | A                     | 72                                 | -                                 | 92                      | 20                | (810)              |
| <b>Grand Total</b>              |                       | <b>\$ 33,677</b>                   | <b>\$ (35,664)</b>                | <b>\$ (17,153)</b>      | <b>\$ 3,617</b>   | <b>\$ (10,758)</b> |

## Interest Rate Risk

The System has exposure to interest rate risk due

to investments in interest rate and inflation swaps and TBAs. The required risk disclosures are included in the Interest Rate Risk schedule.

The table below summarizes INPRS's Investments that are highly sensitive to interest rate changes:

| Reference Currency                                      | Pays                   | Receives               | Fair Value         | Notional            |
|---|------------------------|------------------------|--------------------|---------------------|
| <b>Interest Rate Swap - Pay Fixed Receive Variable:</b> |                        |                        |                    |                     |
| U.S. Dollar   | 0.0265% to 4.37%       | 3M USD LIBOR           | \$ (13,623)        | \$ 630,430          |
| Euro Currency Unit                                      | 1.50% to 3.25%         | 6M EURIBOR REUTERS     | (5,130)            | 63,967              |
| Pound Sterling  | 1.00% to 3.75%         | 6M GBP LIBOR BBA       | (52)               | 27,888              |
| Chilean Peso  | 3.85% to 5.36%         | 6M CLP CLICP BLOOMBERG | (71)               | 5,784               |
| Australian Dollar                                       | 3.75% to 5.50%         | 6M AUD BBR BBSW        | (6,392)            | 101,851             |
| Polish Zloty  | 3.76% to 4.20%         | 6M WIBOR WIBO          | (89)               | 1,874               |
| Japanese Yen  | 0.75% to 1.65%         | 6M JPY LIBOR BBA       | (165)              | 59,184              |
| Swiss Franc   | 2.50%                  | 3M CHF LIBOR BBA       | (254)              | 5,864               |
| Malaysian Ringgit                                       | 0.00% to 4.49%         | 3M MYR KLIBOR BNM      | (4)                | 4,893               |
| South Korean Won  | 3.00% to 3.63%         | 3M KRW KWDCD COD       | (491)              | 19,744              |
| Norwegian Krone   | 4.00%                  | 6M NOK NIBOR BBG       | (95)               | 2,752               |
| Swedish Krona   | 1.75%                  | 3M SEK STIBOR SIDE     | (179)              | 10,952              |
| South African Rand                                      | 8.55%                  | 3M ZAE JIBAR SAFEX     | (5)                | 178                 |
| Colombian Peso  | 2.11% to 5.92%         | COP DTF90 RATE         | 10                 | 785                 |
| Colombian Peso  | 5.19% to 5.35%         | 1D COP COOVIBR         | 7                  | 926                 |
|   |                        |                        | <b>\$ (26,533)</b> | <b>\$ 937,072</b>   |
| <b>Interest Rate Swap - Pay Variable Receive Fixed:</b> |                        |                        |                    |                     |
| U.S. Dollar   | 3M USD LIBOR           | 1.00% to 4.50%         | \$ (1,682)         | \$ 170,480          |
| Brazilian Real  | 1D BRL CDI             | 8.86% to 10.37%        | (823)              | 28,683              |
| South African Rand                                      | 3M ZAE JIBAR SAFEX     | 6.15% to 8.52%         | (457)              | 13,343              |
| Australian Dollar                                       | 6M AUD BBR BBSW        | 3.5% to 4.50%          | 7,576              | 644,574             |
| Euro Currency Unit                                      | 6M EURIBOR REUTERS     | 1.50%                  | 459                | 11,720              |
| Japanese Yen  | 6M JPY LIBOR BBA       | 1.25% to 1.88%         | 274                | 37,475              |
| Canadian Dollar   | 3M CAD BA CDOR         | 2.75% to 4.00%         | 143                | 15,096              |
| Pound Sterling  | 6M GBP LIBOR BBA       | 2.25% to 3.75%         | (26)               | 43,362              |
| New Zealand Dollar                                      | 3M NZD BBR FRA         | 4.50% to 5.00%         | (86)               | 15,804              |
| Swedish Krona   | 3M SEK STIBOR SIDE     | 2.50%                  | 71                 | 2,019               |
| Chilean Peso  | 6M CLP CLICP BLOOMBERG | 4.61%                  | (6)                | 281                 |
| South Korean Won  | 3M KRW KWDCD COD       | 2.85% to 2.89%         | 17                 | 3,041               |
| Mexican Peso  | 1M MXN TIIE BANXICO    | 6.81% to 6.83%         | 18                 | 10,620              |
| Brazilian Real  | ZCS BZDIOVRA           | 11.68%                 | (168)              | 18,057              |
|   |                        |                        | <b>\$ 5,310</b>    | <b>\$ 1,014,555</b> |

## Foreign Currency Risk

The Fund is exposed to foreign currency risk on its foreign currency forward contracts and futures contracts. The required risk disclosures are included in the Foreign Currency Risk schedule.

At June 30, 2014, INPRS' investments included the following currency forwards balances:

|                                       |              |
|---------------------------------------|--------------|
| Forward Currency Contract Receivables | \$ 4,027,199 |
| Forward Currency Contract Payables    | (4,046,822)  |

The aggregate realized gain/loss recognized for the year ended June 30, 2014 due to foreign currency transactions was \$71,413 thousand realized loss.

## Long Term Commitments for Alternative Investments

INPRS enters into long term commitments for funding other investments in private equity and

private real estate. These amounts include Euro currency, Norwegian Krone and British Pound Sterling denominated commitments to limited liability partnerships. The remaining amount of unfunded commitments, converted to U.S. dollars using the closing exchange rate, as of June 30, 2014, is as follows:

| Currency               | Total Unfunded Commitments |
|------------------------|----------------------------|
| U.S. Dollar            | \$ 2,010,868               |
| Euro Currency Unit     | 156,072                    |
| Norwegian Krone        | 6,108                      |
| British Pound Sterling | 1,696                      |
| <b>Total</b>           | <b>\$ 2,174,744</b>        |

**B. Interfund Transactions****Interfund Loans**

As explained in Note III(A), temporary cash overdrafts in various funds are reported as interfund loans from the General Fund. As of June 30, 2014, the following funds had temporary cash overdrafts covered by loans from the General Fund: U.S. Department of Health and Human Services Fund,

\$116.1 million, U.S. Department of Labor Fund, \$2.2 million, and S&S Children's Home Construction Fund, \$0.7 million. Also, reported is an \$8.0 million loan from the Motor Vehicle Highway Fund to the State Highway Fund.

The following is a summary of the Interfund Loans as of June 30, 2014:

| <b>Interfund Loans - Current</b> |                                   |                                     |
|----------------------------------|-----------------------------------|-------------------------------------|
|                                  | Loans To<br>Governmental<br>Funds | Loans From<br>Governmental<br>Funds |
| <b>Governmental Funds</b>        |                                   |                                     |
| General Fund                     | \$ 119,076                        | \$ -                                |
| Nonmajor Governmental Funds      | 8,000                             | 127,076                             |
| <b>Total Governmental Funds</b>  | <u>127,076</u>                    | <u>127,076</u>                      |
| <b>Total Interfund Loans</b>     | <u><b>\$ 127,076</b></u>          | <u><b>\$ 127,076</b></u>            |

**Interfund Services Provided/Used**

Interfund Services Provided of \$8.4 million represents amounts owed by various governmental funds to the Institutional Industries Fund and the Administrative Services Revolving Funds, both

internal service funds, for goods and services rendered.

The following is a schedule of Interfund Services Provided/Used as of June 30, 2014:

| <b>Interfund Services Provided/Used</b>       |   |   |
|---|---|---|
|   | Interfund Services<br>Provided To<br>Governmental Funds | Interfund Services<br>Used By<br>Governmental Funds |
| <b>Governmental Funds</b>                     |   |   |
| General Fund                                  | \$ -  | \$ 4,793  |
| Nonmajor Governmental Funds                   | -   | 3,645   |
| <b>Total Governmental Funds</b>               | <u>-</u>  | <u>8,438</u>  |
| <b>Proprietary Funds</b>                      |   |   |
| Internal Service Funds                        | 8,438   | -   |
| <b>Total Proprietary Funds</b>                | <u>8,438</u>  | <u>-</u>  |
| <b>Total Interfund Services Provided/Used</b> | <u><b>\$ 8,438</b></u>                                  | <u><b>\$ 8,438</b></u>                              |



## Due From/Due To

The \$45.0 million represents funds the General Fund borrowed in June 2004, interest free, from the Indiana Board for Depositories, a discretely presented component unit. Per Public Law 93-2013, Section 4, repayments to the Indiana Board for Depositories are to be made in annual increments of \$5.0 million each July beginning July 2013. The interfund balance of \$28.7 million

represents the accrued distribution amount from the State Lottery Commission to the Build Indiana Fund. The \$17.6 million due to nonmajor universities is from FY 2014 state appropriations for capital projects. The \$0.3 million due the Indiana State Fair Commission is from an FY 2014 state operating expense appropriation.

The following is the schedule of Due From/Due To of component units, as of June 30, 2014:

| <b>Component Units</b>        |                                   |                              |                                |                                 |
|-------------------------------|-----------------------------------|------------------------------|--------------------------------|---------------------------------|
|                               | Due From<br>Primary<br>Government | Due To<br>Component<br>Units | Due From<br>Component<br>Units | Due To<br>Primary<br>Government |
| <b>Governmental Funds</b>     |                                   |                              |                                |                                 |
| General Fund                  | \$ -                              | \$ 62,893                    | \$ -                           | \$ -                            |
| Nonmajor Governmental Funds   | -                                 | -                            | 28,732                         | -                               |
| Total Governmental Funds      | -                                 | 62,893                       | 28,732                         | -                               |
| <b>Component Units</b>        |                                   |                              |                                |                                 |
| Nonmajor Universities         | 17,606                            | -                            | -                              | -                               |
| Board for Depositories        | 45,000                            | -                            | -                              | -                               |
| State Lottery Commission      | -                                 | -                            | -                              | 28,732                          |
| Indiana State Fair Commission | 287                               | -                            | -                              | -                               |
| Total Component Units         | 62,893                            | -                            | -                              | 28,732                          |
| <b>Total Due From/To</b>      | <b>\$ 62,893</b>                  | <b>\$ 62,893</b>             | <b>\$ 28,732</b>               | <b>\$ 28,732</b>                |

## Interfund Transfers

### Major Governmental Funds

Transfers constitute the movement of money from the fund that receives the resources to the fund that utilizes them. These numerous transfers generally result from legislation passed by the Indiana General Assembly that directs how the transfers are made. In the case of the General Fund, many appropriations are made in the General Fund and then transferred during the year to the funds where these appropriations are used. Also in the case of the General Fund, various taxes and other revenues are collected in other funds and transferred to the General Fund. Following are the principal purposes of the State's interfund transfers:

**General Fund** – \$484.4 million was transferred in from the Medicaid Assistance Fund of which \$233.9 million was unused State match appropriations from prior fiscal years, \$203.3 million was the State's share of hospital assessment fees, and \$47.2 million was quality assessment fees. The hospital assessment fees and quality assessment fees can

only be used for the State's share of Medicaid services under Title XIX of the Social Security Act. \$474.0 million was transferred in from the State Gaming Fund which was wagering taxes from riverboats and slot machines at horse tracks. The Build Indiana Fund transferred in \$236.2 million as Motor Vehicle Excise Tax Cut Replacement distributions. \$126.5 million was received from the Fund 6000 Programs Fund of which \$56.2 million was distribution of financial institutions tax per IC 6-5.5; \$35.3 million was transferred to the Department of Administration's lease fund from the ENCOMPASS project fund for the defeasement of bonds for the Miami Correctional Facility; \$21.3 million was transferred in for Indiana Veterans' Home administration from the Comfort-Welfare Fund's receipts of resident fees and Medicaid reimbursements; \$3.8 million was transferred in from consumer and non-consumer settlements, unclaimed property litigation, the telephone solicitation fund, and real estate appraiser licensing for the Office of the Indiana Attorney General; \$3.6 million was transferred to the Office of Medicaid Policy and Planning's State Medicaid General Fund which was appropriation transfers from Indiana

Veterans' Home Medicaid reimbursements; \$3.3 million was transferred in from permit fees collected from businesses that sell alcoholic beverages per IC 7.1-4-9-4; \$1.5 was transferred in from the Tech Modernization and Upgrade Fund to the Gaming Tax fund to cover a budgetary shortfall; and \$1.5 million was transferred to the State Police Motor Carrier fund from the Excess Handgun License Fees fund as the first part in a series of transfers meant to provide funding for the Department of Toxicology in FY 2015. \$41.5 million was transferred in from the Tobacco Master Settlement Fund for various health and welfare purposes including developmental disability services provided by the FSSA's Division of Disability and Rehabilitative Services, the Children's with Special Health Care Needs program administered by the Indiana State Department of Health, and substance abuse prevention and treatment services through the FSSA's Division of Mental Health and Addiction. \$10.0 million was received from the Mine Subsidence Insurance Fund pursuant to the 2013 biennial budget bill.

The following were transfers out from the General Fund: The Public Welfare Medicaid Assistance Fund received \$1.9 billion in transfers for Medicaid current obligations and for Medicaid administration to enable the Office of Medicaid Policy and Planning to carry out all services under IC 12-8-6. These services include, but may not be limited to the provision of care and treatment for individuals with mental illness, developmental disabilities, long term care needs, and family and child service's needs. \$323.7 million was transferred to the U.S. Department of Health and Human Services Fund in support of: \$131.2 million for Department of Child Services programs including adoption services grants, adoption assistance, special needs adoption, family and children services, administration, Social Security Title IV-D services, the Indiana Support Enforcement Tracking System, child welfare services state grants and training, child welfare administration, and independent living; \$102.4 million for the Family and Social Services' Division of Family Resources for local offices, state administration, child care services, and TANF; \$70.5 million for the State Medicaid program; \$8.4 million to the FSSA divisions of Aging and Disability and Rehabilitative Services for developmentally disabled client and aging services, \$5.2 million for county prosecutors' and local judges' salaries; \$5.5 million for FSSA's central office; \$0.3 million for child psychiatric and other programs provided through FSSA's Division of Mental Health and Addiction; and \$0.2 million for the Department of Health including the cancer registry and Office of Women's Health. \$200.0 million was transferred to

the Major Moves Construction Fund pursuant to Indiana Code 8-14-14.1-4. \$150.0 million was transferred to the State Tuition Reserve Fund per the 2013 biennial budget bill. \$297.2 million was transferred to the Indiana Commission for Higher Education's Division of Student Financial Aid mostly for the awarding of the State's grants and scholarships for Hoosier students to attend colleges. The Mental Health Center Fund received appropriation transfers in totaling \$94.3 million to fund services to adults who are seriously mentally ill in comprehensive community health centers and for the administration of services by the Department of Mental Health. The Build Indiana Fund received \$81.6 million from riverboat (\$81.3 million) and pari-mutuel (\$0.3 million) wagering taxes which went to the Lottery and Gaming Surplus Account. \$57.0 million was transferred to the Hospital Care for the Indigent Fund for carrying out its programs. \$59.9 million was transferred to the U.S. Department of Agriculture Fund as the State's match of which \$53.3 million was for the FSSA Division of Family Resources' local offices, state administration, information systems, TANF, and IMPACT, \$5.1 million was for the National School Lunch program administered by the Indiana Department of Education's Division of School and Community Nutrition Programs, and \$1.5 million was for the Board of Animal Health and DNR Entomology Division. \$41.3 million was received by the Indiana Department of Transportation for the Public Mass Transportation Fund, which is used for the promotion and development of public transportation.

**Medicaid Assistance Fund** – The Medicaid Assistance Fund had a transfer in of \$1.9 billion from the General Fund to support the state Medicaid program administered through the Office of Medicaid Policy and Planning. \$82.5 million was transferred in from the Medicaid Indigent Care Trust Fund, which is part of the U.S. Department of Health and Human Services Fund, for reimbursement of hospital care for the indigent supplement payments made from the Medicaid Assistance Fund. \$42.9 million was transferred in from the Mental Health Centers Fund for reimbursement of services to the seriously mentally ill.

Transfers out included \$484.4 million to the General Fund of which \$233.9 million was the return of unused State match appropriations for Medicaid from prior fiscal years, \$203.3 million was hospital assessment fees, and \$47.2 million was quality assessment fees. The hospital assessment fees and quality assessment fees can only be used for the State's share of Medicaid services under Title

XIX of the federal Social Security Act.

**Major Moves Construction Funds** – The Major Moves Construction Fund had a transfer in of \$200.0 million from the Major Moves 2020 Trust Fund which is part of the General Fund pursuant to Indiana Code 8-14-14.1-4.

The Major Moves Construction Fund had a transfer out of \$305.4 million to the State Highway Department for construction and maintenance of the State's highways, roads, and bridges.

#### ***Proprietary Funds***

#### **Non-Major Enterprise Funds**

**The Inns and Concessions Fund** – This fund had transfers out of \$2.7 million, representing cash

contributions to the Department of Natural Resources (DNR) which are to be used for repayments of bonds made by the Indiana Finance Authority.

#### **Internal Service Funds**

\$1.6 million was transferred to the Administrative Services Revolving Fund from the pay phone fund to partially fund the Government Management Information Systems organization within the Indiana Office of Technology. \$0.38 million was transferred to the State Employee Health Insurance Fund when the Local Units of Government Fund was closed. \$3.7 million was transferred from the Institutional Industries Fund to the General Fund representing cash assets in excess of \$1.5 million pursuant to Indiana Code 11-10-6-8.

A summary of interfund transfers for the year ended June 30, 2014 is as follows:

|   | <b>Operating<br/>transfers in</b> | <b>Operating<br/>transfers (out)</b> | <b>Net transfers</b>  |
|---|-----------------------------------|--------------------------------------|-----------------------|
| <b>Governmental Funds</b>               |                                   |                                      |                       |
| General Fund                            | \$ 1,418,795                      | \$ (3,361,171)                       | \$ <b>(1,942,376)</b> |
| Public Welfare-Medicaid Assistance Fund | 2,032,829                         | (500,512)                            | <b>1,532,317</b>      |
| Major Moves Construction Fund           | 200,000                           | (305,441)                            | <b>(105,441)</b>      |
| Nonmajor Governmental Fund              | 2,546,001                         | (2,025,722)                          | <b>520,279</b>        |
| <b>Proprietary Funds</b>                |                                   |                                      |                       |
| Inns and Concessions                    | -                                 | (2,724)                              | <b>(2,724)</b>        |
| Internal Service Funds                  | 1,638                             | (3,692)                              | <b>(2,054)</b>        |
| <b>Total</b>                            | <b>\$ 6,199,263</b>               | <b>\$ (6,199,263)</b>                | <b>\$0</b>            |

**C. Taxes Receivable/Tax Refunds Payable**

Taxes Receivable/Tax Refunds Payable as of year end, including the applicable allowances for uncollectible accounts, are as follows:

|   | Governmental Activities |                       |                        | Total Primary Government |
|---|-------------------------|-----------------------|------------------------|--------------------------|
|   | General Fund            | Special Revenue Funds | Capital Projects Funds |                          |
| Income taxes                              | \$ 907,734              | \$ -                  | \$ -                   | \$ 907,734               |
| Sales taxes                               | 787,553                 | 8,969                 | -                      | 796,522                  |
| Fuel taxes                                | 146                     | 79,619                | -                      | 79,765                   |
| Gaming taxes                              | 882                     | 12,520                | -                      | 13,402                   |
| Inheritance taxes                         | 1,379                   | -                     | -                      | 1,379                    |
| Alcohol and tobacco taxes                 | 47,079                  | 27,541                | 1,862                  | 76,482                   |
| Insurance                                 | 3,409                   | -                     | -                      | 3,409                    |
| Financial institutions taxes              | -                       | 11,577                | -                      | 11,577                   |
| Other taxes                               | 6,610                   | 1,769                 | -                      | 8,379                    |
| Total taxes receivable                    | 1,754,791               | 141,994               | 1,862                  | 1,898,648                |
| Less allowance for uncollectible accounts | (356,887)               | (14,576)              | (4)                    | (371,467)                |
| <b>Net taxes receivable</b>               | <b>\$ 1,397,904</b>     | <b>\$ 127,418</b>     | <b>\$ 1,858</b>        | <b>\$ 1,527,181</b>      |
| <b>Tax refunds payable</b>                | <b>\$ 36,307</b>        | <b>\$ 1,907</b>       | <b>\$ -</b>            | <b>\$ 38,214</b>         |

**D. Capital Assets**

Capital asset activity for the year ended June 30, 2014, was as follows:

**Primary Government – Governmental Activities**

|   | Balance, July 1,<br>As restated | Increases           | Decreases           | Balance,<br>June 30  |
|---|---------------------------------|---------------------|---------------------|----------------------|
| <b>Governmental Activities:</b>                       |                                 |                     |                     |                      |
| Capital assets, not being depreciated/amortized:      |                                 |                     |                     |                      |
| Land  | \$ 1,840,978                    | \$ 99,086           | \$ (153)            | \$ 1,939,911         |
| Infrastructure  | 9,267,899                       | 593,032             | (29,640)            | 9,831,291            |
| Construction in progress                              | 2,084,978                       | 727,185             | (796,665)           | 2,015,498            |
| Total capital assets, not being depreciated/amortized | 13,193,855                      | 1,419,303           | (826,458)           | 13,786,700           |
| Capital assets, being depreciated/amortized:          |                                 |                     |                     |                      |
| Land and water use rights                             | 18,284                          | 2,704               | -                   | 20,988               |
| Buildings and improvements                            | 2,163,418                       | 3,785               | (41,780)            | 2,125,423            |
| Furniture, machinery, and equipment                   | 546,457                         | 45,478              | (27,418)            | 564,517              |
| Computer software                                     | 52,797                          | 10,946              | (3,080)             | 60,663               |
| Infrastructure  | 23,623                          | 256                 | (898)               | 22,981               |
| Total capital assets, being depreciated/amortized     | 2,804,579                       | 63,169              | (73,176)            | 2,794,572            |
| Less accumulated depreciation/amortization for:       |                                 |                     |                     |                      |
| Land and water use rights                             | (7,451)                         | (987)               | -                   | (8,438)              |
| Buildings and improvements                            | (1,088,920)                     | (65,574)            | 26,247              | (1,128,247)          |
| Furniture, machinery, and equipment                   | (389,317)                       | (37,537)            | 25,625              | (401,229)            |
| Computer software                                     | (41,582)                        | (6,311)             | 1,799               | (46,094)             |
| Infrastructure  | (14,824)                        | (516)               | 508                 | (14,832)             |
| Total accumulated depreciation/amortization           | (1,542,094)                     | (110,925)           | 54,179              | (1,598,840)          |
| Total capital assets being depreciated/amortized, net | 1,262,485                       | (47,756)            | (18,997)            | 1,195,732            |
| Governmental activities capital assets, net           | <b>\$ 14,456,340</b>            | <b>\$ 1,371,547</b> | <b>\$ (845,455)</b> | <b>\$ 14,982,432</b> |

## Primary Government – Business-Type Activities

|  | <u>Balance, July 1</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance,<br/>June 30</u> |
|--|------------------------|------------------|------------------|-----------------------------|
| <b>Business-Type Activities:</b>             |                        |                  |                  |                             |
| Capital assets, being depreciated:           |                        |                  |                  |                             |
| Buildings and improvements                   | \$ 204                 | \$ -             | \$ -             | \$ 204                      |
| Furniture, machinery, and equipment          | 905                    | 26               | -                | 931                         |
| Total capital assets, being depreciated      | <u>1,109</u>           | <u>26</u>        | <u>-</u>         | <u>1,135</u>                |
| Less accumulated depreciation for:           |                        |                  |                  |                             |
| Buildings and improvements                   | (133)                  | (23)             | -                | (156)                       |
| Furniture, machinery, and equipment          | (312)                  | (132)            | -                | (444)                       |
| Total accumulated depreciation               | <u>(445)</u>           | <u>(155)</u>     | <u>-</u>         | <u>(600)</u>                |
| Total capital assets being depreciated, net  | <u>664</u>             | <u>(129)</u>     | <u>-</u>         | <u>535</u>                  |
| Business-type activities capital assets, net | <u>\$ 664</u>          | <u>\$ (129)</u>  | <u>\$ -</u>      | <u>\$ 535</u>               |

Depreciation/amortization expense was charged to functions/programs of the primary government as follows:

|  |                          |
|--|--------------------------|
| <b>Governmental activities:</b>  |                          |
| General government   | \$ 35,920                |
| Public safety  | 33,522                   |
| Health   | 1,067                    |
| Welfare  | 5,987                    |
| Conservation, culture and development                                    | 12,392                   |
| Education  | 1,383                    |
| Transportation   | <u>20,653</u>            |
| <b>Total depreciation/amortization expense - governmental activities</b> | <u><b>\$ 110,924</b></u> |
| <b>Business-type activities:</b>   |                          |
| Inns and Concessions   | \$ 33                    |
| Wabash Memorial Bridge   | <u>122</u>               |
| <b>Total depreciation expense - business-type activities</b>             | <u><b>\$ 155</b></u>     |

**E. Leases**

The future minimum lease obligations, the net present value of these minimum lease payments as of June 30, 2014 and the assets acquired through capital leases are as follows:

| <b><u>Future minimum lease payments</u></b>                         |                                |  |
|---|--------------------------------|--|
| <b><u>Year ending June 30,</u></b>                                  | <b><u>Operating leases</u></b> | <b><u>Capital leases<br/>Governmental<br/>Activities</u></b> |
| 2015  | \$ 29,478                      | \$ 107,671   |
| 2016  | 27,100                         | 107,887  |
| 2017  | 24,707                         | 106,504  |
| 2018  | 20,058                         | 103,893  |
| 2019  | 11,916                         | 102,557  |
| 2020-2024   | 16,932                         | 514,412  |
| 2025-2029   | 62                             | 502,891  |
| 2030-2034   | -                              | 641  |
| <b>Total minimum lease payments<br/>(excluding executory costs)</b> | <b><u>\$ 130,253</u></b>       | <b><u>1,546,456</u></b>                                      |
| Less:   |                                |  |
| Remaining premium(discount)   |                                | (10,958)   |
| Amount representing interest  |                                | <u>(422,899)</u>   |
| <b>Present value of future minimum lease payments</b>               |                                | <b><u>\$ 1,112,599</u></b>                                   |
| <b><u>Assets acquired through capital lease</u></b>                 |                                |  |
| Land  |                                | \$ -   |
| Building  |                                | \$ 5,364   |
| Machinery and equipment   |                                | 791  |
| Infrastructure  |                                | 1,108,584  |
| less accumulated depreciation                                       |                                | <u>(3,026)</u>   |
|   |                                | <b><u>\$ 1,111,713</u></b>                                   |

*Operating Leases*

The State leases building and office facilities and other equipment under non-cancelable operating leases. Total payments for such leases with aggregate payments of \$20,000 or more were \$32.6 million for the year ended June 30, 2014. A table of future minimum lease payments (excluding executory costs) is presented above.

*Capital Leases Liabilities*

The State has entered into various lease agreements with aggregate payments of \$20,000 or more to finance the acquisition of buildings, land and equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date in the government-wide statements.

## F. Long-Term Obligations

Changes in long-term obligations for the primary government for the year ended June 30, 2014 were as follows:

| Changes in Long-Term Obligations | Balance, July 1, as Restated | Increases         | Decreases           | Balance, June 30    | Amounts Due Within One Year | Amounts Due Thereafter |
|----------------------------------|------------------------------|-------------------|---------------------|---------------------|-----------------------------|------------------------|
| <b>Governmental activities:</b>  |                              |                   |                     |                     |                             |                        |
| Compensated absences             | \$ 148,633                   | \$ 83,350         | \$ (85,669)         | \$ 146,314          | \$ 79,585                   | \$ 66,729              |
| Net pension obligation           | 1,166,775                    | 34,797            | (315)               | 1,201,257           | -                           | 1,201,257              |
| Other postemployment benefits    | 134,074                      | 459               | (821)               | 133,712             | -                           | 133,712                |
| Pollution remediation            | 44,675                       | 1,226             | -                   | 45,901              | 6,172                       | 39,729                 |
| Intergovernmental payable        | 20,000                       | -                 | (10,000)            | 10,000              | 10,000                      | -                      |
| Capital leases                   | 1,156,910                    | 10,647            | (54,958)            | 1,112,599           | 58,822                      | 1,053,777              |
|                                  | <u>\$ 2,671,067</u>          | <u>\$ 130,479</u> | <u>\$ (151,763)</u> | <u>\$ 2,649,783</u> | <u>\$ 154,579</u>           | <u>\$ 2,495,204</u>    |
| <b>Business-type activities:</b> |                              |                   |                     |                     |                             |                        |
| Compensated absences             | \$ 479                       | \$ 336            | \$ (235)            | \$ 580              | \$ 215                      | \$ 365                 |
| Claims liability                 | 28,650                       | 1,342             | (1,577)             | 28,415              | 3,327                       | 25,088                 |
|                                  | <u>\$ 29,129</u>             | <u>\$ 1,678</u>   | <u>\$ (1,812)</u>   | <u>\$ 28,995</u>    | <u>\$ 3,542</u>             | <u>\$ 25,453</u>       |

Long term obligations of governmental activities include capital lease obligations of governmental funds as presented in Note IV(E), net pension obligations for the Public Employees Retirement Fund-State and the State Teachers' Retirement Fund (Pre-1996 Account) as presented in Note V(E), other postemployment benefits, pollution remediation, intergovernmental payables, and compensated absence obligations. The General

Fund typically has been used to liquidate any other long-term liabilities.

Long-term obligations of the business-type activities consist of claims liability of the Indiana Residual Malpractice Insurance Authority and compensated absences of the Inns and Concessions Fund.

## G. Prior Period Adjustments and Reclassifications

For the fiscal year ended June 30, 2014, certain changes have been made to the financial statements to more appropriately reflect financial activity of the State of Indiana. These prior period adjustments and restatements are reflected in the beginning net position in the government-wide statement of activities.

### Prior Period Adjustments

In the fund statements for governmental funds, and the government-wide statements, there is a decrease of \$897 thousand in net position of the General Fund for deposits that were not recorded in the prior year.

In the fund financial statements for Special Revenue Funds, and the government-wide statements, net position decreased by \$60.6 million due to the establishment of liabilities in the Department of Revenue holding accounts.

In the fund statements for Special Revenue funds, and the government-wide statements, net position

decreased by \$1.1 million due to the reclassification of certain funds to Agency funds.

In the fund statements for Special Revenue funds, net position increased \$3.8 million in the Other Special Revenue Fund with a corresponding decrease in the Other Capital Projects Fund due money being incorrectly transferred between the funds in the prior year.

In the fund statements for Special Revenue funds, net position decreased \$8.8 million in the Medicaid Assistance Fund due to the omission of a liability in the prior year.

For the government-wide statements, there is an increase of \$37.4 million in net position for capital assets. This was the result of not capitalizing capital assets by June 30, 2013 that were acquired prior to this date and for corrections to acquisition cost by state agencies.

For the government-wide statements, there is a decrease of \$13.2 million for software that was

incorrectly reported as in development on June 30, 2013.

For the government-wide statements, there is a decrease of \$94.8 million in net position for infrastructure assets that were incorrectly capitalized in prior years as construction in progress.

For the Enterprise funds and the government-wide statements, there is a decrease of \$1.7 million in net position for the correction of errors relating to benefit payments for the Unemployment Compensation Fund.

For the Internal Service funds and the government-wide statements, there is an increase of \$2.5 million in net position for the reclassification of the Conservation & Excise Officers Health Insurance Fund from an Agency fund and an increase of \$.8 million due to capital asset errors in the Administrative Services statements.

For the Fiduciary Funds, there was a decrease of \$47 thousand due to the omission of payables and receivables in the OPEB plan statements and an increase of \$5 million due to an error in the recording of Commercial Vehicle Excise Tax.

For the discrete component units, the Indiana Finance Authority's net position decreased by \$11.9 million due to the implementation of GASB 65. The State Lottery's net position increased by \$3.2 million due to a correction in the calculation of the net pension asset. Non-major discrete units net position decreased by \$9.5 million due to the implementation of GASB 65.

For the discrete component units, fiduciary funds, the net position of the Indiana Public Employees' Retiree System decreased by \$36.8 million because of the reclassification of the Pension Relief Fund from an investment trust fund to an agency fund.

The following schedule reconciles June 30, 2013 net position as previously reported, to beginning net position, as restated:

|   | <b>Governmental<br/>Activities</b> | <b>Business-<br/>Type<br/>Activities</b> | <b>Fiduciary<br/>Funds</b> | <b>Discretely<br/>Presented<br/>Component<br/>Units (Non<br/>Fiduciary)</b> |
|---|------------------------------------|--|----------------------------|---|
| <b>June 30, 2013, fund balance/retained earnings/net assets as reported</b> | \$ 19,869,503                      | \$ (1,211,252)                           | \$ 28,237,479              | \$ 12,394,229   |
| <b>Change in accounting principle</b>                                       |                                    |  |                            |   |
| Adoption of GASB 65   | -                                  | -  | -                          | (21,384)  |
| <b>Correction of errors</b>   | (131,344)                          | (1,742)                                  | 4,976                      | 3,244   |
| <b>Reclassifications of funds</b>   | 1,419                              | -  | (36,617)                   | -   |
| <b>Balance July 1, 2013 as restated</b>                                     | <b>\$ 19,739,578</b>               | <b>\$ (1,212,994)</b>                    | <b>\$ 28,205,838</b>       | <b>\$ 12,376,089</b>  |



## V. OTHER INFORMATION

### A. Risk Management

The State of Indiana is exposed to various risks of loss. This includes damage to property owned by the agencies, personal injury or property damage liabilities incurred by a State officer, agent or employee, errors, omissions and theft by employees, certain employee health benefits, employee death benefits, and unemployment and worker's compensation costs for State employees.

The State records an expenditure for any loss as the liability is incurred or replacement items are purchased. The State purchases commercial insurance coverage for certain DNR Inns properties. The State also purchases immaterial amounts of commercial insurance related to errors, omissions, and theft by employees. Settlements related to commercial insurance have not exceeded coverage in the past three fiscal years.

The State does have risk financing activity for the State employees' disability, certain State employees' health benefits, Conservation and Excise Officers' health benefits, and certain health, disability and death benefits for State Police officers. These are reported in four individual Internal Service Funds.

The State employees' disability program is financed partially by State employees through payroll withholdings and by the funds from which employees are paid. The employees' health benefits, the Conservation and Excise health benefits, and the State Police traditional health plan are funded by the employees who have selected certain health care benefit packages and the funds from which those employees are paid. (An insurance carrier does provide claims administration services for the health insurance programs.)

Located below is the table of claim liabilities. The liabilities are not maintained in the accounting records of the State. The claim liabilities for the health insurance programs and the State Disability fund were estimated based on the historical experience rate of claims paid that were for service dates incurred during a prior fiscal year. The surplus retained earnings in these funds are reserved for future catastrophic losses.

|  | State Police<br>Health<br>Insurance Fund | State Employee<br>Disability Fund | State Employees'<br>Health Insurance<br>Fund | Conservation<br>and Excise<br>Officers Health<br>Insurance Fund | Total            |
|--|--|-----------------------------------|--|---|------------------|
| <b><u>2014</u></b>                         |  |                                   |  |   |                  |
| Unpaid Claims, July 1                      | \$ 3,352                                 | \$ 4,840                          | \$ 34,891                                    | \$ 391  | \$ 43,474        |
| Incurred Claims and Changes in<br>Estimate | 17,468                                   | 20,856                            | 300,228                                      | 2,431   | 340,983          |
| Claims Paid                                | (18,058)                                 | (20,466)                          | (298,853)                                    | (2,285)   | (339,662)        |
| <b>Unpaid Claims, June 30</b>              | <b>\$ 2,762</b>                          | <b>\$ 5,230</b>                   | <b>\$ 36,266</b>                             | <b>\$ 537</b>   | <b>\$ 44,795</b> |
| <b><u>2013</u></b>                         |  |                                   |  |   |                  |
| Unpaid Claims, July 1                      | \$ 3,926                                 | \$ 5,183                          | \$ 40,455                                    | \$ 464  | \$ 50,028        |
| Incurred Claims and Changes in<br>Estimate | 29,147                                   | 21,347                            | 297,386                                      | 2,313   | 350,193          |
| Claims Paid                                | (29,721)                                 | (21,690)                          | (302,950)                                    | (2,386)   | (356,747)        |
| <b>Unpaid Claims, June 30</b>              | <b>\$ 3,352</b>                          | <b>\$ 4,840</b>                   | <b>\$ 34,891</b>                             | <b>\$ 391</b>   | <b>\$ 43,474</b> |

## B. Contingencies and Commitments

### *Litigation*

The State does not establish reserves for judgments or other legal or equitable claims against the State. Judgments and other such claims must be paid from the State's unappropriated balances and reserves, if any.

With respect to tort claims only, the State's liability is limited to: (A) \$300,000 for a cause of action that accrues before January 2006; (B) \$500,000 for a cause of action that accrues between 2006 and 2008; or (C) \$700,000 for a cause of action that accrues on or after January 2008, for injury to or death of one person in any one occurrence and \$5 million for injury to or death of all persons in that occurrence.

The Indiana Attorney General's office estimates a total payment for liabilities and litigation expenses of \$9.8 million to be made from the Tort Claim Fund during the next fiscal year. During the fiscal year ending June 30, 2014, the State paid \$10.2 million for settlements, judgments, claims and litigation expenses from the Tort Claim Fund.

The following is a summary of certain significant litigation and claims currently pending against the State involving amounts exceeding \$5 million individually or in the aggregate. This summary is not exhaustive, either as to the description of the specific litigation or claims described, or as to all of the litigation or claims currently pending or threatened against the State.

The Indiana Attorney General's office is currently handling the following cases that could result in significant liabilities to the State:

In 1968, a lawsuit seeking to desegregate the Indianapolis Public Schools was filed in the United States District Court for the Southern District of Indiana. Since 1978, the State has paid several million dollars per year for inter-district busing that is expected to continue through 2016. The District Court entered its final judgment in 1981 holding the State responsible for most of the costs of its desegregation plan, and those costs have been part of the State's budget since then. In June 1998, the parties negotiated an 18-year phase out of the desegregation plan that was approved by the Court for some school corporations and a 13-year phase out of the desegregation plan for the school corporations that had already began the

desegregation plan. State expenditures will be gradually reduced as the plan is phased out.

In March 2013, Plaintiffs filed a class action lawsuit against the State which alleges the Indiana Bureau of Motor Vehicles charged amounts that were not authorized by law to persons under the age of 75 who have paid a fee to obtain or renew their drivers' licenses since March 7, 2007. A settlement has been reached that provides for credits, in a total amount of about \$30 million, to be paid to class members and their attorneys. In November 2013, The Court's Order and Judgment Approving Settlement was entered. For a period of 3 years after the Court's final approval of the Settlement, any refunds that have not been paid as advance payments will be available to class members as outlined. Settlement agreement amended to remove obligation to promulgate rules regarding certain fees. Payments are to be made under agreement until December 2017. As of June 30, 2014, \$9.8 million remained to be refunded which has been accrued as an expense and payable in the government-wide financial statements.

In October 2013, an individual brought a putative class action against the Indiana Bureau of Motor Vehicles alleging overcharges and the alleged overcharges sought could exceed \$10 million. The State has filed a motion for partial summary judgment. The hearing on the motion for partial summary judgment was held on June 30, 2014. The matter is under advisement. A hearing is set for February 2, 2015, on motion.

In May 2013, Plaintiffs filed an inverse condemnation complaint against the State seeking \$8 million in damages to their real estate which Plaintiffs allege will be caused by construction of the Illiana Expressway, which is a proposed highway to connect northwestern Indiana to the greater Chicago area. Construction of the Illiana Expressway has not yet begun. The State filed a Motion to Dismiss and Plaintiffs filed a Motion to Amend Complaint, which was granted by the Court. The State moved to dismiss the Second Amended Complaint on October 25, 2013, and the Plaintiffs have twice filed a praecipe for hearing on the pending motions. The Lake Circuit Court set a status hearing for February 25, 2014 at 9 a.m.; however, the parties agreed to stay the February 25, 2014 hearing. Plaintiffs filed their Third Motion to Amend Complaint, and the State has responded with Objections and Motion to Dismiss the Third Amended Complaint. A Lis Pendens notice was filed October 31, 2014. A hearing on the State's Objections and Motion to Dismiss the Plaintiffs'

Third Amended Complaint for Inverse Condemnation was held on December 4, 2014 in the Lake Circuit Court. The Judge has taken the matter under advisement. Discovery is ongoing.

In June 2014, Plaintiffs filed a class action lawsuit against the Department of Child Services alleging they were purportedly promised monies for adoptions, but then never paid. Mediation was held on August 15, 2014, and a tentative settlement of \$15.1 million was reached. The proposed class is all individuals who entered into adoption subsidy agreements with the Department of Child Services, but have not received any payment before June 30, 2014. A settlement was reached and the settlement agreement was approved by the Court on November 3, 2014. The \$15.1 million has been accrued as an expense and payable in the government-wide financial statements.

#### *Other Litigation*

The State on behalf of the Indiana Family and Social Services Administration (FSSA) is currently involved in the following case that could result in significant liability to the State:

In May 2010, the State of Indiana, on behalf of the FSSA, and counterclaim Plaintiff sued each other regarding counterclaim Plaintiff's state welfare system contract entered into in 2006. In October 2009, the State announced its intention to terminate the 10-year contract early effective December 2009 due to counterclaim Plaintiff's deficient performance. The trial court issued rulings in July and August of 2012 awarding the counterclaim Plaintiff \$62.7 million. This amount included \$9.5 million for equipment retained by the state, \$2.5 million in early termination close-out payments, \$40.0 million in subcontractor assignment fees (previously granted to the counterclaim Plaintiff on summary judgment), and \$10.7 million in prejudgment interest. The court also ruled that the counterclaim Plaintiff was not entitled to recover \$43.0 million claimed for deferred fees. The court further ruled that there was no material breach of the contract, so the State could not recover damages from the counterclaim Plaintiff for breach of contract. The State appealed. In February 2013, the Court of Appeals affirmed the trial court's award of \$40.0 million in assignment fees and \$9.5 million in equipment fees to IBM; it affirmed the trial court's denial of deferred fees to IBM; it reversed the trial court's award of \$2.5 million in early termination close-out payments and \$10.7 million in prejudgment interest to IBM; and found IBM materially breached the contract. The Court of Appeals remanded the case to the trial court to determine the amount of fees IBM is entitled to for

change orders and to determine the state's damages and offset damages awarded to IBM as a result of IBM's material breach of contract. Both parties appealed. The Indiana Supreme Court heard oral arguments in the case on October 30, 2014. The Court is reviewing the matter and encouraged the parties to mediate the case.

#### *Other Loss Contingencies*

The U.S. Office of Inspector General (USOIG) has issued multiple audit reports on Indiana's Medicaid Assistance Program. The State has worked with the Centers for Medicare and Medicaid Services (CMS) to resolve the findings. As of June 30, 2014 there was \$49.9 million in findings in which FSSA believes to be probable for having to be repaid and therefore, has been accrued as an expense and payable in the government-wide financial statements. FSSA management is continuing to work with CMS on a settlement of these findings.

#### *Construction Commitments*

As of June 30, 2014, the Indiana Department of Transportation had outstanding construction commitments totaling \$1.2 billion for road and bridge projects. It is anticipated that these projects will be financed with approximately 10% State funds, 4% local funds, 72% traditional Federal funds, and 14% from the Major Moves Construction Fund. These amounts do not include the LSIORBP project described below.

The State of Indiana and the Commonwealth of Kentucky have entered into a legal agreement known as the "Bi-State Development Agreement" which governs "The Louisville- Southern Indiana Ohio River Bridges Project (LSIORBP)." The project consists of the construction of the East End Bridge and highway connections that will complete an outer loop around the greater Louisville area; a Downtown Crossing including a new I-65 bridge for northbound traffic; a revamped John F. Kennedy Memorial Bridge for southbound traffic, and rebuilding of the downtown interchanges on both sides of the Ohio River. Kentucky is responsible for the financing, reconstruction and operational improvements of the Downtown Crossing Bridges; and, Indiana is responsible for financing and constructing the East End Crossing.

The Ohio River Bridge Project structures will be ultimately owned 50% by Indiana and 50% by Kentucky and is expected to cost \$2.6 billion. Kentucky's portion of the total project cost is estimated to be \$1.3 billion and Indiana's portion is estimated to be \$1.3 billion.

The State of Indiana has spent approximately \$264.8 million to date and the Commonwealth of Kentucky has spent approximately \$658.6 million to date.

The Indiana Department of Administration, Public Works Division, had remaining construction commitments totaling \$5.4 million for building and improvement projects of the State's agencies as of June 30, 2014. These projects are to be funded through State appropriations, the State Highway Department Fund, capital projects funds, and federal funds.

The State had \$14.8 million in total commitments for software in development as of June 30, 2014. These commitments are to be funded through the General Fund, federal funds and state dedicated funds.

#### *Encumbrances*

Significant encumbrances by major funds and non-major funds in the aggregate as of June 30, 2014 were as follows:

| <b>Governmental Funds</b>    | <b>Encumbrances</b> |
|------------------------------|---------------------|
| General Fund                 | \$ 811,961          |
| Non-Major Governmental Funds | 2,449,383           |
| <b>Total</b>                 | <b>\$ 3,261,344</b> |

#### **C. Other Revenue**

Other revenue represents revenue received which cannot accurately be included with any of the other revenue sources. In most cases, the amount of "other revenue" received by a fund is insignificant in comparison with total revenues received.

#### **D. Economic Stabilization Fund**

In 1982 the Indiana General Assembly adopted Indiana Code 4-10-18, which established the Counter-Cyclical Revenue and Economic Stabilization Fund ("Rainy Day Fund").

This fund was established to assist in stabilizing revenue during periods of economic recession and is accounted for within the State general fund.

Each year, the State Budget Director determines calendar year Adjusted Personal Income (API) for the State and its growth rate over the previous year, using a formula determined by the legislature.

In general, monies are deposited automatically from the reverting accounts of the State General Fund, also known as the state surplus, into the Rainy Day Fund if the growth rate in API exceeds 2%; monies are removed automatically from the Rainy Day Fund if API declines by more than 2%. If the balance in the fund at the end of the fiscal year exceeds 7% of total General Fund revenues for the same period, the excess is transferred from the Rainy Day Fund to the state surplus.

Loans can be made from the Rainy Day Fund to local units of government for specific purposes. The Rainy Day Fund cash and investment balance at the end of fiscal year 2014 was \$373.9 million. Total outstanding loans were \$5.6 million, resulting in total assets of \$379.5 million. Because the API did not increase or decrease by more than 2% no money was transferred between the state surplus and the Rainy Day Fund.

#### **E. Employee Retirement Systems and Plans**

The State of Indiana sponsors ten public employee retirement systems (PERS) that are included in the State's financial statements. They are reported and administered as described in Note I(A).

#### Summary of Significant Accounting Policies (Primary government and fiduciary in nature component units)

The accrual basis is used for financial statement reporting purposes. Contributions are recognized as revenues when due, pursuant to formal commitments, as well as statutory or contractual requirements. Throughout the year, the investments are maintained on the accounting records at the net asset value per the custodian banks. The custodian banks maintain records of the detailed holdings and accounts that comprise the net asset value. At fiscal year end, the accounting records and financial statements recognize investment assets and liabilities using investment unit trust accounting. Investments of defined benefit plans are reported at fair value. Short-term investments are reported at market value when available, or at cost, which approximates fair value.

Securities traded on a national or international exchange are valued at the official closing price at current exchange rates. Collective trust funds' fair values are determined by the fair value per share of the pool's underlying portfolio as provided by the trustee. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar

instruments. Values for limited partnership interests are those estimates most recently provided by the general manager, plus or minus cash flows transacted since the valuation date. Investments that do not have an established market are reported at estimated fair value.

*The State sponsors the following defined benefit single-employer plans:*

State Police Retirement Fund (Presented as a pension fund)

Financial Statements As separately issued financial statements are not available for the State Police Retirement Fund, summarized financial statements are as follows:

| <b>Combining Statement of Fiduciary Net Position<br/>June 30, 2014</b> |                                      |
|--|--------------------------------------|
|  | <b>State Police<br/>Pension Fund</b> |
| <b>Assets</b>  |                                      |
| Cash, cash equivalents and non-pension investments                     | \$ 49,494                            |
| Receivables:   |                                      |
| Contributions  | 245                                  |
| Interest   | 408                                  |
| Member loans   | 180                                  |
| From investment sales  | 175                                  |
| Total receivables  | 1,008                                |
| Pension and other employee benefit investments at fair value:          |                                      |
| Equity Securities  | 204,997                              |
| Debt Securities  | 118,965                              |
| Other  | 93,785                               |
| Total investments at fair value  | 417,747                              |
| <b>Total assets</b>  | <b>468,249</b>                       |
| <b>Liabilities:</b>  |                                      |
| Accounts/escrows payable   | 98                                   |
| Securities purchased payable   | 153                                  |
| <b>Total liabilities</b>   | <b>251</b>                           |
| <b>Net Position</b>  |                                      |
| Restricted for:  |                                      |
| Employees' pension benefits  | 467,998                              |
| <b>Total net position</b>  | <b>\$ 467,998</b>                    |

| <b>Combining Statement of Changes in Fiduciary<br/>For the Year Ended June 30, 2014</b> |                                      |
|---|--------------------------------------|
|   | <b>State Police<br/>Pension Fund</b> |
| <b>Additions:</b>   |                                      |
| Member contributions  | \$ 3,763                             |
| Employer contributions  | 14,005                               |
| Net investment income (loss)  | 46,240                               |
| Less investment expense   | (1,357)                              |
| Other   | 4                                    |
| Total additions   | 62,655                               |
| <b>Deductions:</b>  |                                      |
| Pension and disability benefits   | 32,923                               |
| Administrative  | 307                                  |
| Other   | 15                                   |
| Total deductions  | 33,245                               |
| Net increase (decrease) in net position   | 29,410                               |
| Net position restricted for pension and other employee benefits, July 1, as restated:   |                                      |
| Pension benefits  | 438,588                              |
| <b>Net position restricted for pension and other employee benefits, June 30</b>         | <b>\$ 467,998</b>                    |

Plan Description The State Police Retirement Fund (SPRF) is a defined benefit, single-employer PERS, and is administered by the Treasurer of the State of Indiana as Trustee under a Pension Trust Agreement with the Indiana Department of State Police. Indiana Code 10-12-2-2 grants authority to the Department to establish and operate an actuarially sound pension plan governed by a pension trust. It also authorizes the Department to make annual contributions as necessary to prevent any deterioration in the actuarial status of the trust. The State Police Retirement Fund does not issue a stand-alone financial report. The SPRF's financial statements are included in the State of Indiana's CAFR as part of the statements presented with fiduciary funds.

The SPRF includes the Pre-1987 Benefit System and the 1987 Benefit System. The term "Pre-1987 Benefit System" shall refer to the plan and the benefits provided to Employee Beneficiaries who are first employed as Employees by the Department before July 1, 1987, and who did not elect to be covered by the 1987 Benefit System in accordance with the provisions of Section 31 of the Trust Agreement. Any benefits provided to former Employees who qualified for such benefits under the terms of the Trust Agreement as in effect prior to July 1, 1987, shall also be deemed part of the Pre-1987 Benefit System. The term "1987 Benefit System" shall refer to the plan and the benefits provided to Employee Beneficiaries who are first employed as Employees by the Department on or after July 1, 1987, and to those Employee

Beneficiaries who were first employed before July 1, 1987, provided they elected to be covered by the 1987 Benefit System in accordance with the provisions of Section 31 of the Trust Agreement.

Plan Membership As of June 30, 2014, the SPRF membership consisted of:

|  | Pre-1987<br>Plan | 1987<br>Plan |
|--|------------------|--------------|
| Inactive employees or beneficiaries currently receiving benefits | 902              | 686          |
| Inactive employees entitled to but not yet receiving benefits    | 9                | 138          |
| Active employees   | 44               | 1,162        |
| <b>Total</b>   | <b>955</b>       | <b>1,986</b> |

### Retirement benefits provided

Pre-1987 Plan The Pre-1987 Plan provides that the basic monthly pension amount may not exceed by more than \$20 an amount equal to one-half of the member's average monthly wages (not including overtime) received during the highest paid consecutive 12 months prior to retirement. However, this amount may not exceed the monthly salary of a sixth-year trooper.

In addition to the basic retirement benefit described above, a plan member with over 20 years of service will receive the following incremental increases:

2% of the basic amount for each of the next 2 years over 20 years;  
3% of the basic amount for each of the next 2 years over 22 years;  
4% of the basic amount for each of the next 2 years over 24 years;  
5% of the basic amount for each of the next 2 years over 26 years;  
6% of the basic amount for each of the next 2 years over 28 years;  
7% of the basic amount for each of the next 2 years over 30 years;  
8% of the basic amount for each of the next 2 years over 32 years.

However, the total of these additional amounts may not exceed 70% of the basic pension amount, according to IC 10-12-47 (e).

1987 Plan The 1987 Plan provides that the basic monthly pension amount may not exceed one-half of the member's average monthly salary received during the member's highest-paid three years before retirement. Members retiring from July 1, 1987, through June 30, 1988, may not receive a basic monthly benefit greater than 50% of the maximum salary of a first sergeant. Members retiring from July 1, 1988, through June 30, 1989, may not receive a basic monthly benefit greater than 50% of the maximum salary of a captain.

In addition to the basic retirement benefit described above, a Plan member with over 25 years of service

will receive the following incremental increases:

5% of basic amount for each of the next 3 years over 25 years;  
6% of basic amount for each of the next 2 years over 28 years;  
7% of basic amount for each of the next 2 years over 30 years;  
8% of basic amount for each of the next 2 years over 32 years.

However, the total of these additional amounts may not exceed 70% (current practice is 57%) of the basic pension amount.

*Disability and survivor benefits provided.* The regular disability benefit for a disabled member may not exceed the maximum basic pension amount. If the member's disability was incurred in the line of duty, the member is entitled to an additional \$40 per month for each dependent parent and dependent child under age 18.

If a member is permanently and totally disabled by a catastrophic personal injury that: (1) is sustained in the line of duty after January 1, 2001; and (2) permanently prevents the member from performing any gainful work; the member is entitled to a disability benefit equal to the member's salary at the commencement of the disability in lieu of the regular disability benefit. The member is also entitled to increases in the disability benefit equal to the salary increases that the member would have received had the member remained in active service.

A member who meets the conditions listed in IC 5-10-13 has a presumption that a total or partial disability or death resulting from a health condition caused by AIDS, anthrax, hepatitis, HIV, meningococcal meningitis, smallpox, or tuberculosis is a disability or death incurred in the line of duty. In addition, a member who meets the conditions listed in IC 5-10-15 has a presumption that a total or partial disability resulting from an exposure-related cancer, or heart or lung disease is a disability incurred in the line of duty. These presumptions may be rebutted by competent evidence. A meeting or hearing held to rebut a presumption may be held as an executive session under IC 5-14-1.5-6.1(b)(1). A presumption affects only the determination as to whether a disability or death was incurred in the line of duty and does not change the requirements for determining eligibility for disability benefits.

A member's survivor is entitled to a supplemental death benefit of not more than \$14,500 for employee beneficiaries who die before July 1, 2013. For employee beneficiaries who die after June 30,

2013, the amount of supplemental death benefits may not exceed \$20,000. The maximum monthly pension payable to surviving spouses or a dependent mother and father of a member killed in the line of duty may not exceed the current basic monthly pension amount paid to retirees or, upon a retiree's death, one-half of the deceased officer's monthly benefit.

A dependent child entitled to survivor benefits may receive a maximum of 30% of the basic monthly pension currently being paid to retirees. Total benefits paid to all of a member's surviving dependent children may not exceed the basic monthly pension currently being paid to retirees.

**Contributions** Members of the Pre-1987 Plan contribute 5% of the member's wages (not including overtime and limited to sixth-year trooper pay). Members of the 1987 Plan contribute 6% of the member's wages (not including overtime). A member who receives a disability pension does not make contributions to the member's fund.

Periodic employer contributions to the pension plan are determined on an actuarial basis using the entry age normal cost actuarial method. Normal cost is funded on a current basis. Under the terms of the Trust Agreement, in the event the Department fails to make the minimum contribution for five successive years, the Trust shall terminate and the fund shall be liquidated. The unfunded actuarial accrued liability is being funded over a thirty-year closed period which commenced July 1, 2010. Periodic contributions for both normal cost and the amortization of the unfunded actuarial accrued liability are based on the level dollar of payroll method. The funding policy for normal cost and unfunded actuarial accrued liability should provide sufficient resources to pay employee pension benefits on a timely basis. For the year ended June 30, 2014, the State's contribution rate was 21.6 percent of payroll.

**Deferred Retirement Option Program** The Deferred Retirement Option (DROP) for the State Police Retirement Fund was established in 2001 pursuant to the Pension Trust Agreement and is governed by the Department of the State Police and the Treasurer of the State of Indiana (Trustee). Members of the Pre-1987 and 1987 plans that are eligible to retire may elect to accumulate a DROP benefit while continuing to work. At the time of their election, the member executes an irrevocable election to retire on a DROP retirement date and remain in active service, but the member does not contribute to the fund during the DROP period. For the Pre-87 Plan, when an employee has completed

20 years of service or more, he/she may irrevocably elect to enter the DROP for a period ending the earlier of (1) 36 consecutive months, (2) completion of 34 years of service, or (3) attainment of age 65. An employee on disability cannot enter the DROP. From the date the employee enters the DROP, he/she will not be credited with any additional years of service. The employee's DROP accrual will be equal to the basic monthly retirement benefit. At the end of the DROP period, the employee must separate from employment and retire. Upon separation, the employee will receive their accumulated DROP benefit in the form of a lump sum payment, a rollover to another retirement program, or a combination of both. For the 1987 Plan, all DROP requirements are the same as the Pre-87 plan, except that the employee must have completed 25 years of service or more. The DROP and future retirement monthly benefit is calculated as of the member's DROP entry date. At the time of retirement, the member must choose among the available options for distribution of the accumulated benefit under the DROP. As of June 30, 2014, the amount held by the plan pursuant to the DROP is \$2.3 million.

**Net Pension Liability of the SPRF** The components of the net pension liability of the SPRF at June 30, 2014 were as follows:

|  |            |
|--|------------|
| Total pension liability  | \$ 540,797 |
| Plan fiduciary net position  | (467,998)  |
| SPRF's net pension liability   | \$ 72,799  |
| Plan fiduciary net position as a percentage of the total pension liability | 86.5%      |

**Actuarial Assumptions** The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|  | Pre-1987 Plan | 1987 Plan   |
|--|---------------|---|
| Interest rate/investment return  | 6.75%         | 6.75%   |
| Interest on member balances  | 3.00%         | 3.00%   |
| Future salary increases, which includes inflation and cost of living increases | 3.50%         | 9% age 26 & younger; reduced 0.5% through age 35; 4% age 36 and older |

Mortality rates for healthy members were based on the 2014 separate non-annuitant and annuitant mortality tables (separate male and female tables) as published by the IRS. Mortality rates for disabled members were based on the same tables increased



by 115% for disabled retirements and disabled terminations with deferred benefits.

The most recent comprehensive experience study was completed in 2011 and was based on member experience between June 30, 2005 and June 30, 2010. The demographic assumptions were updated as needed for the June 30, 2011 actuarial valuation based on the results of the study.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates of expected future rates of return (expected returns, net of pension plan investment expense) were developed for each major asset class. These estimated returns were combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Development of the long-term investment return is shown below:

| Asset Class                | Long-Term<br>Expected Real<br>Rate of Return<br>(%) |
|----------------------------|---|
| Broad domestic equity      | 7.7   |
| Global ex U.S. equity      | 7.9   |
| Defensive fixed income     | 2.8   |
| Domestic fixed income      | 3.0   |
| High yield fixed income    | 5.1   |
| Hedge funds - alternatives | 5.1   |
| Cash and equivalents       | 2.0   |

**Discount rate** The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the net pension liability to changes in the discount rate** The following presents the net pension liability of the SPRF, calculated using the discount rate of 6.75%, as well as what the SPRF's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%)

than the current rate:

|                       | 1% Decrease<br>(5.75%) | Current Rate<br>(6.75%) | 1% Increase<br>(7.75%) |
|-----------------------|------------------------|-------------------------|------------------------|
| Net pension liability | \$ 139,722             | \$ 72,799               | \$ 16,570              |

State Excise Police, Gaming Agent, Gaming Control Officer and Conservation Enforcement Officers' Retirement Plan (Presented as part of INPRS – a fiduciary in nature component unit)

**Plan Description** The State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan (EG&C Plan) is a single-employer (the State of Indiana) defined benefit plan established to provide retirement, disability, and survivor benefits to certain employees of the (1) Indiana Department of Natural Resources, (2) Indiana Alcohol and Tobacco Commission and (3) any Indiana State excise police officer, Indiana State conservation enforcement officer, gaming agent or any gaming control officer who is engaged exclusively in the performance of law enforcement duties. The EG&C Plan was established in 1972 and is governed by the INPRS Board of Trustees in accordance with IC 5-10-5.5. The Indiana Public Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole. That report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling 888-526-1687, or by visiting INPRS' website, [www.in.gov/inprs](http://www.in.gov/inprs).

**Funding Policy** The funding policy for the EG&C Plan is in accordance with IC 5-10-5.5-8.5. Members are required by statute to contribute 4 percent of the member's annual salary to the Plan. The employer contribution rate is actuarially determined. The required contributions are determined by the INPRS Board of Trustees based on actuarial investigation and valuation. During fiscal year 2014, the State was required to contribute 20.75 percent of covered payroll

The member contribution rate is established by statute IC 5-10-5.5-8 at four (4) percent of a participant's salary to be contributed to the participant's savings account. The employer may pay all or a part of the contribution for the participant. Member contributions are used to fund a portion of the defined benefit payment. Any



participant who terminates employment before accumulating 15 years of creditable service and before attaining the age of 45 shall be entitled to a lump sum refund of all contributions in the participant's savings account plus accumulated interest as determined by the INPRS Board of Trustees in accordance with IC 5-10-5.5-17.

Funded Status and Funding Progress As of June 30, 2014, the most recent actuarial valuation date, the plan was 87 percent funded. The actuarial accrued liability for benefits was \$123.6 million, and the actuarial value of assets was \$107.6 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$16.0 million. The covered payroll (annual payroll of active employees covered by the plan) was \$25.8 million, and the ratio of the UAAL to the covered payroll was 62 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statement, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Prosecuting Attorneys' Retirement Fund (Presented as part of INPRS – a fiduciary in nature component unit)

Plan Description The Prosecuting Attorneys' Retirement Fund (PARF) is a single-employer defined benefit plan administered by the Board of Trustees of the Indiana Public Retirement System. The Prosecuting Attorneys' Retirement Fund provides retirement, disability, and survivor benefits for individuals who serve as a prosecuting attorney or chief deputy prosecuting attorney; or serve as the executive director or assistant executive director of the Indiana Prosecuting Attorneys Council or as a state-paid deputy prosecuting attorney.

These individuals' salaries are paid from the General Fund of the State of Indiana. Indiana Code 33-39-7 governs the requirements of the Fund. The Indiana Public Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole. That report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling 888-526-1687, or by visiting INPRS' website, [www.in.gov/inprs](http://www.in.gov/inprs).

Funding Policy The funding policy for PARF is in accordance with statute IC 33-39-7-23 that requires an appropriation, determined by the INPRS Board of Trustees from the State of Indiana General Fund,

for each biennium to PARF computed on an actuarially funded basis and the recommendation of the actuary. For fiscal year 2014, employer contributions were \$1.2 million.

The member contribution rate is established by statute IC 33-39-7-12 at six (6) percent of salary. The employer may elect to pay the contributions for a member. Members receive interest earnings at a rate specified by the INPRS Board of Trustees in accordance with IC 33-39-7-14. Member contributions are used to fund a portion of the defined benefit payment unless the member ends employment other than by death or disability before the member completes eight (8) years of creditable service. The INPRS Board of Trustees shall return to the fund member an amount equal to the total sum contributed to the fund plus interest as determined by the INPRS Board of Trustees in accordance with IC 33-39-7-13.

Funded Status and Funding Progress As of June 30, 2014, the most recent actuarial valuation date, the plan was 81 percent funded. The actuarial accrued liability for benefits was \$65.3 million, and the actuarial value of assets was \$52.9 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$12.4 million. The covered payroll (annual payroll of active employees covered by the plan) was \$20.6 million, and the ratio of the UAAL to the covered payroll was 60 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statement, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Legislators' Retirement System – Legislators' Defined Benefit Plan (Presented as part of INPRS – a fiduciary in nature component unit)

Plan Description The Legislators' Defined Benefit Plan (IC 2-3.5-4), a single-employer defined benefit plan, applies to each member of the Indiana General Assembly who was serving on April 30, 1989 and filed an election under IC 2-3.5-3-1(b). The Legislators' Defined Benefit Plan provides retirement, disability and survivor benefits. The plan is administered by the Board of Trustees of the Indiana Public Retirement System. The Indiana Public Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole. That report may be obtained by writing the Indiana Public Retirement

System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling 888-526-1687, or by visiting INPRS' website, [www.in.gov/inprs](http://www.in.gov/inprs).

Funding Policy The funding policy is in accordance with statute IC 2-3.5-4-9 and IC 2-3.5-4-10. The amount required to actuarially fund participants' retirement benefits, as determined by the INPRS Board of Trustees on the recommendation of the actuary, is to be appropriated from the state of Indiana General Fund for each biennium. For fiscal year 2014, employer contributions were \$0.1 million.

Funded Status and Funding Progress As of June 30, 2014, the most recent actuarial valuation date, the plan was 83 percent funded. The actuarial accrued liability for benefits was \$4.2 million, and the actuarial value of assets was \$3.5 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$0.7 million. The benefit formula is determined based on service rather than compensation. The unfunded liability per active participant was \$29,401 as of the most recent actuarial valuation.

The schedule of funding progress, presented as RSI following the notes to the financial statement, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Judges' Retirement System (Presented as part of INPRS – a fiduciary in nature component unit)

Plan Description The Judges' Retirement System (JRS) is a single-employer defined benefit public employee retirement system administered by the Board of Trustees of the Indiana Public Retirement System, and is governed by IC 33-38-6, 33-38-7, and IC 33-38-8. The Judges' Retirement System provides retirement, disability, and survivor benefits. Coverage is for any person who has served, is serving or shall serve as a regular judge or justice of any of the following courts: Supreme Court of the State of Indiana; Court of Appeals; Circuit Court of a Judicial Circuit; Indiana Tax Court; or county courts including Superior, Criminal, Probate, Juvenile, Municipal and County Courts. The system consists of two plans: the 1977 system and the 1985 system. IC 33-38-7 applies to judges who began service before September 1, 1985. IC 33-

38-8 applies to judges beginning service after August 31, 1985. The Indiana Public Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole. That report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling 888-526-1687, or by visiting INPRS' website, [www.in.gov/inprs](http://www.in.gov/inprs).

Funding Policy Member contributions are established by statute at six percent of total statutory compensation paid by the state of Indiana, deducted from the member's salary and remitted by the Auditor of State or county auditor. However, no contribution is required and no such amounts shall be paid by the member for more than 22 years of service.

Employer contributions are actuarially determined and approved by the INPRS Board of Trustees and by the Indiana General Assembly as biennial appropriations from the State's General Fund. Indiana Code 33-38-6-17 provides that this appropriation only include sufficient funds to cover the aggregate liability of the fund for benefits to the end of the biennium, on an actuarially funded basis. The statute also provide for remittance of docket fees and court fees. These are considered employer contributions. For fiscal 2014, employer contributions were \$20.9 million.

Funded Status and Funding Progress As of June 30, 2014, the most recent actuarial valuation date, the plan was 90 percent funded. The actuarial accrued liability for benefits was \$464.9 million, and the actuarial value of assets was \$419.6 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$45.3 million. The covered payroll (annual payroll of active employees covered by the plan) was \$46.0 million, and the ratio of the UAAL to the covered payroll was 98 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statement, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Annual Pension Cost and Net Pension Obligation The annual pension cost and net pension obligations, the significant actuarial assumptions, and three-year historical trend information of the single employer defined benefit plans are as follows:

|   | Primary<br>Government    | Fiduciary in Nature Component Unit                         |  |  |   |  |
|---|--------------------------|--|--|--|---|--|
|   | SPRF                     | ECRF   | JRS  | PARF   | LRS   | TRF - Pre-1996<br>Account                                  |
| <b>Annual Pension Cost and Net Pension Obligation (Asset)</b> |                          |  |  |  |   |  |
| Annual required contribution                                  | \$ 13,869.5              | \$ 5,340.5   | \$ 27,647.7  | \$ 2,345.1   | \$ 138.3  | \$ 879,072.0   |
| Interest on net pension obligation                            | (742.9)                  | (1,132.1)  | (7,601.0)  | (619.1)  | (3.2)   | 75,195.0   |
| Adjustment to annual required contribution                    | (896.6)                  | (1,317.8)  | (8,847.7)  | (720.7)  | (3.7)   | 87,529.0   |
| Annual pension cost   | 14,023.2                 | 5,526.2  | 28,894.4   | 2,446.7  | 138.8   | 866,738.0  |
| Contributions made  | (10,603.2)               | (5,358.6)  | (20,894.7)   | (1,173.8)  | (138.3)   | (831,941.0)  |
| Increase (decrease) in net pension obligation                 | 3,420.0                  | 167.6  | 7,999.7  | 1,272.9  | 0.5   | 34,797.0   |
| Net pension obligation, beginning of year                     | (11,006.3)               | (16,771.5)   | (112,607.2)  | (9,172.9)  | (47.0)  | 1,113,995.0  |
| Net pension obligation, end of year                           | \$ (7,586.3)             | \$ (16,603.9)  | \$ (104,607.5)   | \$ (7,900.0)   | \$ (46.5)   | \$ 1,148,792.0   |
| <b>Significant Actuarial Assumptions</b>                      |                          |  |  |  |   |  |
| Investment rate of return                                     | 6.75%                    | 6.75%  | 6.75%  | 6.75%  | 6.75%   | 6.75%  |
| Projected future salary increases:                            |                          |  |  |  |   |  |
| Total   | 3.50 - 9.00%             | 3.25%  | 4.00%  | 4.00%  | 3.00%   | 3.00 - 12.50%  |
| Attributed to inflation                                       | 3.5%                     | 3.00%  | 3.00%  | 3.00%  | 3.00%   | 3.00%  |
| Cost of living adjustments                                    | N/A                      | 1.00%  | 4.00%  | N/A  | 1.00%   | 1.00%  |
| Contribution rates:   |                          |  |  |  |   |  |
| State   | 20.30%                   | 20.75%   | Appropriation<br>34.03%                                    | Appropriation<br>6.46%                                     | Flat Dollar<br>Amount *   | Pay-As-You-Go  |
| Plan members  | 5.00% - 6.00%            | 4.00%  | 6.00%  | 6.00%  | 0.00%   | 3.00%  |
| Actuarial valuation date                                      | 7/1/2014                 | 6/30/2014  | 6/30/2014  | 6/30/2014  | 6/30/2014   | 6/30/2014  |
| Actuarial cost method   | entry age<br>normal cost | entry age<br>normal cost                                   | entry age<br>normal cost                                   | entry age<br>normal cost                                   | Funding:<br>traditional<br>unit credit<br>Accounting:<br>Entry age<br>normal cost | entry age<br>normal cost                                   |
| Amortization method   | level dollar             | level dollar   | level dollar   | level dollar   | level dollar  | level dollar   |
| Amortization period   | 30 years                 | 30 years   | 30 years   | 30 years   | 30 years  | 30 years   |
| Amortization period (from date)                               | 7/1/2010                 | 7/1/2007   | 7/1/2006   | 7/1/2007   | 7/1/1992  | N/A  |
| Amortization period (open or closed)                          | closed                   | closed   | closed   | closed   | closed  | closed   |
| Asset valuation method  | smoothed basis           | 4-year<br>smoothed<br>market value<br>with 20%<br>corridor | 4-year<br>smoothed<br>market value<br>with 20%<br>corridor | 4-year<br>smoothed<br>market value<br>with 20%<br>corridor | 4-year<br>smoothed<br>market value<br>with 20%<br>corridor                        | 4-year<br>smoothed<br>market value<br>with 20%<br>corridor |
| <b>Historical Trend Information</b>                           |                          |  |  |  |   |  |
| <u>Year ended June 30, 2014</u>                               |                          |  |  |  |   |  |
| Annual pension cost (APC)                                     | \$ 14,023.2              | \$ 5,526.2   | \$ 28,894.4  | \$ 2,446.7   | \$ 138.8  | \$ 866,738.0   |
| Percentage of APC contributed                                 | 75.6%                    | 97.0%  | 72.3%  | 48.0%  | 99.6%   | 96.0%  |
| Net pension obligation (asset)                                | \$ (7,586.3)             | \$ (16,603.9)  | \$ (104,607.5)   | \$ (7,900.0)   | \$ (46.5)   | \$ 1,148,792.0   |
| <u>Year ended June 30, 2013</u>                               |                          |  |  |  |   |  |
| Annual pension cost (APC)                                     | \$ 14,681.5              | \$ 5,026.1   | \$ 25,756.9  | \$ 2,455.9   | \$ 140.7  | \$ 859,719.0   |
| Percentage of APC contributed                                 | 300.0%                   | 392.7%   | 432.6%   | 791.7%   | 106.6%  | 117.8%   |
| Net pension obligation (asset)                                | \$ (11,006.3)            | \$ (16,771.5)  | \$ (112,607.2)   | \$ (9,172.9)   | \$ (47.0)   | \$ 1,113,995.0   |
| <u>Year ended June 30, 2012</u>                               |                          |  |  |  |   |  |
| Annual pension cost (APC)                                     | \$ 14,329.4              | \$ 5,559.5   | \$ 19,961.0  | \$ 1,955.6   | \$ 113.5  | \$ 853,735.0   |
| Percentage of APC contributed                                 | 86.3%                    | 90.9%  | 94.7%  | 94.0%  | 99.6%   | 89.5%  |
| Net pension obligation (asset)                                | \$ 18,353.4              | \$ (2,057.6)   | \$ (26,946.5)  | \$ 7,814.6   | \$ (37.7)   | \$ 1,267,356.0   |

SPRF - State Police Retirement Fund

ECRF - State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan

JRS - Judges' Retirement System

PARF - Prosecuting Attorneys' Retirement Fund

LRS - Legislators' Retirement System

TRF Pre-1996 Account - Teachers' Retirement Fund Pre-1996 Account

N/A - Not Applicable

\* \$137,599 based on June 30, 2014 actuarial valuation.

*The State sponsors the following cost-sharing multiple-employer plans:*

Public Employees' Retirement Fund (Presented as part of INPRS – a fiduciary in nature component unit)

Plan Description The Public Employees' Retirement Fund (PERF) as part of the implementation of GASB Statement No. 67 changed from an agent to a cost-sharing, multiple-employer defined benefit plan effective July 1, 2013 based on 35 IAC 21-1-1, 35 IAC 21-1-2 and amended IC 5-10.2-2-11(b). PERF was established to provide retirement, disability, and survivor benefits to full-time employees of the State of Indiana not covered by another plan, those political subdivisions that elect to participate in the retirement plan, and certain INPRS employees. Political subdivisions means a county, city, town, township, political body corporate, public school corporation, public library, public utility of a county, city, town, township, and any department of, or associated with, a county, city, town, or township, which department receives revenue independently of, or in addition to, funds obtained from taxation. There are two (2) tiers to the PERF Plan. The first is the Public Employees' Defined Benefit Plan (PERF Hybrid Plan) and the second is the Public Employees' Annuity Savings Account Only Plan (PERF ASA Only Plan).

The PERF Hybrid Plan was established by the Indiana Legislature in 1945 and is governed by the INPRS Board of Trustees in accordance with Indiana Code (IC) 5-10.2, IC 5-10.3, and IC 5-10.5. There are two (2) aspects to the PERF Hybrid Plan defined benefit structure. The first portion is the monthly defined benefit pension that is funded by the employer. The second portion of the PERF Hybrid Plan benefit structure is the annuity savings account (ASA) that supplements the defined benefit at retirement.

The PERF ASA Only Plan was established by the Indiana Legislature in 2011, and is governed by the INPRS Board of Trustees in accordance with IC 5-10.3-12, and IC 5-10.5. This plan is funded by an employer and a member for the use of the member, or the member's beneficiaries or survivors, after the member's retirement. PERF ASA Only Plan members are full-time employees of the State of Indiana (as defined in IC 5-10.3-7-1(d)), who are in a position eligible for membership in the PERF Hybrid Plan and who elect to become members of the PERF ASA Only Plan. The PERF ASA Only Plan membership does not include individuals who: (1) before March 1, 2013 were members of the

PERF Hybrid Plan or (2) on or after March 1, 2013 do not elect to participate in the PERF ASA Only Plan. Any government agency that pays employees through the Auditor of the State is a mandatory participant in the ASA Only Plan and must offer eligible employees the ASA Only Plan option. Quasi-government agencies and State educational institutions may choose to offer the ASA-Only Plan as an option to their employees. Since inception, 395 members have selected the ASA Only Plan, or approximately 9% of eligible new hires of the State.

The Indiana Public Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole. That report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling 888-526-1687, or by visiting INPRS' website, [www.in.gov/inprs](http://www.in.gov/inprs). As of June 30, 2014, there were 1,125 participating political subdivisions in addition to the State.

Funding Policy The State of Indiana is obligated by statute to make contributions to the PERF Hybrid Plan or the PERF ASA Only Plan. Any political subdivision that elects to participate in the PERF Hybrid Plan is obligated by statute to make contributions to the plan. The required contributions are determined by the INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 5-10.2-2-11. The funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to fund the pension benefits when they become due. As PERF is a cost-sharing plan, all risks and costs, including benefit costs, are shared proportionately by the participating employers. During fiscal year 2014, all participating employers were required to contribute 11.2 percent of covered payroll for members employed by the State. For political subdivisions, an average contribution rate of 9.7 percent was required from employers during the period of July 1 – December 31, 2013, and an average contribution rate of 11.0 percent was required for the period of January 1 – June 30, 2014. For the ASA Only Plan all participating employers were also required to contribute 11.2 percent of covered payroll. In accordance to IC 5-10.3-12-24, the amount credited from the employer's contribution rate to the member's account shall not be less than 3 percent and not be greater than the normal cost of the fund which was 4.7 percent for fiscal year 2014 and any amount not credited to the member's account shall be applied to the pooled assets of the PERF Hybrid Plan.

The PERF Hybrid Plan or the PERF ASA Only Plan

members contribute three (3) percent of covered payroll to their annuity savings account, which is not used to fund the defined benefit pension for the PERF Hybrid Plan. For the PERF Hybrid Plan, the employer may elect to make the contributions on behalf of the member. The employer shall pay the member's contributions on behalf of the member for the PERF ASA Only Plan. In addition, members of the PERF Hybrid Plan (effective 7/1/2014 the PERF ASA Only Plan may also participate) may elect to make additional voluntary contributions, under certain criteria, of up to 10 percent of their compensation into their annuity savings accounts.

Funded status and funding progress information is being disclosed for the State of Indiana employee portion of the plan. The funded status and funding progress information presented is for active and retired assets. As of June 30, 2014, the most recent actuarial valuation date, the state employees portion of the plan was 80 percent funded. The actuarial accrued liability for benefits was \$5.9 billion, and the actuarial value of assets was \$4.7 billion, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.2 billion. The covered payroll (annual payroll of active employees covered by the plan) was \$1.7 billion, and the ratio of the UAAL to the covered payroll was 69 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

State Teachers' Retirement Fund (Presented as part of INPRS – a fiduciary in nature component unit)

Plan Description The Indiana State Teachers' Retirement Fund (TRF) was established by the Indiana General Assembly in 1921. In 1955, TRF was designed as a pay-as-you-go defined benefit retirement plan. In 1995, legislation was passed that closed the pay-as-you-go plan (renamed the TRF Pre-1996 Account) to newly hired members and created a new account (named the TRF 1996 Account) for all members hired after June 30, 1995. TRF is two (2) cost-sharing, multiple-employer defined benefit plans, TRF Pre-1996 Account and TRF 1996 Account. TRF is governed by the INPRS Board of Trustees in accordance with IC 5-10.2, IC 5-10.4, and IC 5-10.5.

The Indiana Public Retirement System issues a publicly available financial report that includes financial statements and required supplementary

information for the plan as a whole. That report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling 888-286-3544, or by visiting INPRS' website, [www.in.gov/inprs](http://www.in.gov/inprs).

TRF Pre-1996 Account: The Indiana State Teachers' Retirement Fund Pre-1996 Account (TRF Pre-1996) is a pay-as-you-go cost-sharing, multiple-employer defined benefit plan established to provide retirement, disability, and survivor benefits to public school teachers and administrators, regularly employed licensed teachers at certain State universities and other educational institutions, and certain INPRS employees hired before July 1, 1995, and who have maintained continuous employment with the same school corporation or covered institution since that date. There are two (2) aspects to the TRF Pre-1996 defined benefit structure. The first portion is the monthly defined benefit pension that is funded by the State of Indiana. The second portion of the TRF Pre-1996 benefit structure is the annuity savings account that supplements the defined benefit at retirement.

As of June 30, 2014, the number of participating employers was 339 in addition to the State.

TRF 1996 Account: The Indiana State Teachers' Retirement 1996 Account (TRF 1996) is a cost-sharing, multiple-employer defined benefit plan established to provide retirement, disability, and survivor benefits to public school teachers and administrators, regularly employed licensed teachers at certain State universities and other educational institutions, and certain INPRS employees (hired before July 1, 2011) hired after June 30, 1995. Members who were hired before July 1, 1995, were members of TRF Pre-1996. However, pursuant to the law in place prior to July 1, 2005, if a member of TRF Pre-1996 left employment and re-employed after June 30, 1995, the member and the liability were transferred to TRF 1996. There are two (2) aspects to the TRF 1996 defined benefit structure. The first portion is the monthly defined benefit pension that is funded by the employer. The second portion of the TRF 1996 benefit structure is the annuity savings account that supplements the defined benefit at retirement.

As of June 30, 2014, the number of participating employers was 362 in addition to the State.

Funding Policy

TRF Pre-1996 Account: State appropriations are

made in accordance with IC 5-10.4-2-4 for each fiscal year. Currently, a three (3) percent year-over-year increase is being provided through State appropriations. If the actual pension benefit payout for the fiscal year exceeds the amount appropriated, the difference is paid from the Pension Stabilization Fund as part of the assets of the TRF Pre-1996, which was established according to IC 5-10.4-2-5. The State of Indiana contributed \$825.6 million in fiscal year 2014 to TRF Pre-1996. As part of the \$825.6 million contribution, the State pre-funded a one-time check (a.k.a. 13<sup>th</sup> check) of \$19 million in accordance with 2013 HB 1080 (which went into the Pension Stabilization Fund). Employers contributed \$6.3 million in fiscal year 2014.

TRF Pre-1996 Account members contribute three (3) percent of covered payroll to their annuity savings account, which is not used to fund the defined benefit pension. The employer may elect to make the contributions on behalf of the member. In addition, members may elect to make additional voluntary contributions, under certain criteria, of up to 10 percent of their compensation into their annuity savings accounts.

As of June 30, 2014, the most recent actuarial valuation date, the plan was 33 percent funded. The actuarial accrued liability for benefits was \$16.4 billion, and the actuarial value of assets was \$5.4 billion, resulting in an unfunded actuarial accrued liability (UAAL) of \$11.0 billion. The covered payroll (annual payroll of active employees covered by the plan) was \$1.3 billion, and the ratio of the UAAL to the covered payroll was 871 percent.

TRF 1996 Account: The required contributions are determined by the INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 5-10.2-2-11. The funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to fund the pension benefits when they become due. As the TRF 1996 Account is a cost-sharing system, all risks and costs, including benefit costs, are shared proportionally by the participating employers. During fiscal year 2014, all participating employers in the TRF 1996 Account were required to contribute 7.5 percent of covered payroll.

TRF 1996 Account members contribute three (3) percent of covered payroll to their annuity savings account, which is not used to fund the defined benefit pension. The employer may elect to make the contributions on behalf of the member. In

addition, members may elect to make additional voluntary contributions, under certain criteria, of up to 10 percent of their compensation into their annuity savings accounts.

As of June 30, 2014, the most recent actuarial valuation date, the plan was 96 percent funded. The actuarial accrued liability for benefits was \$5.2 billion, and the actuarial value of assets was \$5.0 billion, resulting in an unfunded actuarial accrued liability (UAAL) of \$0.2 billion. The covered payroll (annual payroll of active employees covered by the plan) was \$2.6 billion, and the ratio of the UAAL to the covered payroll was 8 percent.

1977 Police Officers' and Firefighters' Pension and Disability Fund (Presented as part of INPRS – a fiduciary in nature component unit)

Plan Description The 1977 Police Officers' and Firefighters' Pension and Disability Fund (1977 Fund) is a cost-sharing, multiple-employer defined benefit plan established to provide retirement, disability, and survivor benefits to all full-time police officers and firefighters who are hired (or rehired) after April 30, 1977. The 1977 Fund was established in 1977 and is governed by the INPRS Board of Trustees in accordance with IC 36-8-8 to provide coverage to full-time sworn officers of a police force of an Indiana city or town and full-time firefighters employed by an Indiana city, town, township or county. The Indiana Public Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole. That report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling 888-526-1687, or by visiting INPRS' website, [www.in.gov/inprs](http://www.in.gov/inprs).

At June 30, 2014, the number of participating employer units totaled 162.

Funding Policy The funding policy for the 1977 Fund requires remittances of member and employer contributions based on percentages of the salary of a first class officer or firefighter rather than actual payroll. The employer contribution rate is actuarially determined. The required contributions are determined by the INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 36-8-8-6. As the 1977 Fund is a cost-sharing system, all risks and costs, including benefit costs, are shared proportionally by the participating employers. During fiscal year 2014, all participating employers were required to contribute 19.7 percent of the salary of a first class officer or firefighter.

The member contribution rate is established by statute IC 36-8-8-8 at six (6) percent of the salary of a first class officer or firefighter. Each fund member shall contribute during the period of the fund member's employment or for 32 years, whichever is shorter. The employer may pay all or a part of the contribution for the member. Member contributions are used to fund a portion of the defined benefit payment unless the member ends employment other than by death or disability before the fund member completes 20 years of active service. The

accumulated value of the member's contribution, including interest, may be withdrawn if the member terminates employment prior to completing 20 years of service. The INPRS Board of Trustees shall return to the fund member in a lump sum the fund member's contributions plus interest as determined by the INPRS Board of Trustees in accordance with IC 36-8-8-8.

The annual required contributions, percentage contributed, and three-year historical trend information, for the cost sharing, multiple-employer plans are as follows:

| <u>Historical Trend Information</u>   | <b>Fiduciary in Nature Component Unit</b> |              |              |
|---|---|--------------|--------------|
|   | PERF-State                                | STRF         | PFPF         |
| <u>Year ended June 30, 2014</u>   |   |              |              |
| Annual required contribution  | \$ 188,035                                | \$ 879,072   | \$ 103,425   |
| Percentage contributed  | 100%                                      | 95%          | 135%         |
| Employer contribution   | \$ 187,765                                | \$ 831,942   | \$ 140,119   |
| <u>Year ended June 30, 2013</u>   |   |              |              |
| Annual required contribution  | \$ 160,150                                | \$ 873,751   | \$ 112,590 * |
| Percentage contributed  | 98%                                       | 116%         | 122% *       |
| Employer contribution   | \$ 157,581                                | \$ 1,013,080 | \$ 137,111   |
| <u>Year ended June 30, 2012</u>   |   |              |              |
| Annual required contribution  | \$ 183,389                                | \$ 866,207   | \$ 132,549 * |
| Percentage contributed  | 75%                                       | 88%          | 102% *       |
| Employer contribution   | \$ 138,327                                | \$ 764,423   | \$ 135,605   |
| Note:   |   |              |              |
| * For PFPF, Denotes ARC and percentage contributed corrected from reported in 2013 CAFR.                    |   |              |              |
| PERF - Public Employees' Retirement Fund (Administered by the INPRS Board of Trustees)                      |   |              |              |
| STRF - State Teachers' Retirement Fund - Pre-1996 Account (Administered by the INPRS Board of Trustees)     |   |              |              |
| PFPF - 1977 Police Officers and Firefighters' Retirement Fund (Administered by the INPRS Board of Trustees) |   |              |              |

*The State sponsors the following defined contribution plan:*

Legislators' Retirement System – Legislators' Defined Contribution Plan (Presented as part of INPRS – a fiduciary in nature component unit)

Plan Description The Legislators' Defined Contribution Plan (IC 2-3.5-5), a single employer defined contribution plan applies to: (1) members of the General Assembly who were serving on April 30, 1989, and who filed an election under IC 2-3.5-3-1(b); (2) members of the General Assembly who are first elected or appointed after April 30, 1989; and (3) members of the General Assembly who: (a) served before April 30, 1989; (b) were not serving

on April 20, 1989; and (c) are subsequently reelected or reappointed to the General Assembly. The plan is administered by the Board of Trustees' of the Indiana Public Retirement System. The Indiana Public Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole. That report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling 888-526-1687, or by visiting INPRS' website, [www.in.gov/inprs](http://www.in.gov/inprs).

Funding Policy For the Legislators' Defined Contribution Plan, each participant is required to contribute five (5) percent of annual salary in

accordance with statute IC 2-3.5-5-4. In addition, the State of Indiana is required by statute IC 2-3.5-5-5.5 to contribute a percentage of the member's annual salary on behalf of the participant as determined by INPRS Board of Trustees and confirmed by the State Budget Agency each year. This rate, by statute, cannot exceed the total contribution rate paid that year by the State to PERF for State employees. The State contribution rate is the sum of: (1) the State's employer contribution rate for State employees, and (2) the rate the State pays on behalf of State employees to their annuity savings accounts (3.0 percent). The contribution rate for calendar year 2013 was 12.7 percent and the rate for calendar year 2014 is 14.2 percent.

#### F. Other Postemployment Benefits

##### **Defined Benefit Plans**

Plan Descriptions The State of Indiana sponsors and contributes to four single-employer defined benefit healthcare plans: State Personnel Plan (SPP); Legislature Plan (LP); Indiana State Police Plan (ISPP); and the Conservation and Excise Police Plan (CEPP). The SPP and LP are administered by the State Personnel Department. The Indiana State Police administer the ISPP. The CEPP is administered by the Indiana State Excise Police and Indiana Conservation Officers Health Insurance Committee. All four plans provide medical plan health care benefits to eligible State employee retirees and beneficiaries. The medical benefits provided to retirees are the same benefit options afforded active employees. Benefit provisions for each plan are established and may be amended by Indiana Code 5-10-8 *et seq.* Separate financial reports are not issued for these plans.

Financial Statements As separately issued financial statements are not available for the State Employee Retiree Health Benefit Trust Fund-DB, summarized financial statements are as follows:

| <b>State of Indiana</b><br><b>Combining Statement of Fiduciary Net Position</b><br><b>Pension and Other Employee Benefit Trust Funds</b><br><b>June 30, 2014</b> |                     |                  |                 |                  |
|--|---------------------|------------------|-----------------|------------------|
|  | <b>SPP &amp; LP</b> | <b>ISPP</b>      | <b>CEPP</b>     | <b>Total</b>     |
| <b>Assets</b>  |                     |                  |                 |                  |
| Cash, cash equivalents and non-pension investments   | \$ 145              | \$ 27,323        | \$ 1,624        | \$ 29,092        |
| Receivables:   |                     |                  |                 |                  |
| Contributions  | 59                  | 111              | -               | 170              |
| Interest   | -                   | 15               | -               | 15               |
| Total receivables  | 59                  | 126              | -               | 185              |
| Pension and other employee benefit investments at fair value:  |                     |                  |                 |                  |
| Debt Securities  | 43,922              | 10,622           | 7,399           | 61,943           |
| Total investments at fair value  | 43,922              | 10,622           | 7,399           | 61,943           |
| <b>Total assets</b>  | <b>44,126</b>       | <b>38,071</b>    | <b>9,023</b>    | <b>91,220</b>    |
| <b>Liabilities:</b>  |                     |                  |                 |                  |
| Accounts/escrows payable   | 8                   | -                | 2               | 10               |
| Benefits payable   | 273                 | 1,160            | 66              | 1,499            |
| <b>Total liabilities</b>   | <b>281</b>          | <b>1,160</b>     | <b>68</b>       | <b>1,509</b>     |
| <b>Net Position</b>  |                     |                  |                 |                  |
| Restricted for:  |                     |                  |                 |                  |
| OPEB benefits  | 43,845              | 36,911           | 8,955           | 89,711           |
| <b>Total net position</b>  | <b>\$ 43,845</b>    | <b>\$ 36,911</b> | <b>\$ 8,955</b> | <b>\$ 89,711</b> |



| <b>State of Indiana</b><br><b>Combining Statement of Changes in Fiduciary Net Position</b><br><b>Pension and Other Employee Benefit Trust Funds</b><br><b>For the Year Ended June 30, 2014</b> |                     |                  |                 |                  |
|--|---------------------|------------------|-----------------|------------------|
|  | <b>SPP &amp; LP</b> | <b>ISPP</b>      | <b>CEPP</b>     | <b>Total</b>     |
| <b>Additions:</b>  |                     |                  |                 |                  |
| Member contributions   | \$ 59               | \$ 9,010         | \$ 609          | \$ 9,678         |
| Employer contributions   | 4,508               | 25,748           | 2,110           | 32,366           |
| Net investment income (loss)   | 56                  | 35               | 4               | 95               |
| Less investment expense  | -                   | (1)              | -               | (1)              |
| Federal reimbursements   | -                   | 523              | -               | 523              |
| Other  | -                   | 200              | -               | 200              |
| Total additions  | 4,623               | 35,515           | 2,723           | 42,861           |
| <b>Deductions:</b>   |                     |                  |                 |                  |
| Retiree health benefits  | 4,781               | 18,889           | 1,051           | 24,721           |
| Administrative   | 8                   | 848              | 116             | 972              |
| Total deductions   | 4,789               | 19,737           | 1,167           | 25,693           |
| Net increase (decrease) in net position  | (166)               | 15,778           | 1,556           | 17,168           |
| Net position restricted for pension and other employee benefits, July 1, as restated:  |                     |                  |                 |                  |
| OPEB benefits  | 44,011              | 21,133           | 7,399           | 72,543           |
| <b>Net position restricted for pension and other employee benefits, June 30, as restated</b>   | <b>\$ 43,845</b>    | <b>\$ 36,911</b> | <b>\$ 8,955</b> | <b>\$ 89,711</b> |

Funding Policy and Annual OPEB Cost The contribution funding policy for each of the four plans is on a pay-as-you-go cash basis. However, trust funds as authorized by the Indiana General Assembly were created to start pre-funding the SPP, ISPP, and CEPP plans. The State of Indiana's annual other postemployment benefit (OPEB) cost (expense) for each plan is calculated based on the annual required contribution (ARC) of the employer,

an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The State of Indiana's annual OPEB cost for the current year and the related information for each plan are as follows:

|   | <b>State<br/>Personnel<br/>Healthcare<br/>Plan</b> | <b>Legislature's<br/>Healthcare<br/>Plan</b> | <b>Indiana State<br/>Police<br/>Healthcare<br/>Plan</b> | <b>Conservation<br/>and Excise<br/>Police Health<br/>Care Plan</b> |
|---|--|--|---|--|
| Contribution rates:                     |  |  |   |  |
| State of Indiana                        | Pay-as-you-go                                      | Pay-as-you-go                                | Pay-as-you-go   | Pay-as-you-go  |
| Plan members (monthly premium)          | See next chart                                     | See next chart                               | See next chart  | See next chart   |
| Annual required contribution            | \$ 1,010   | \$ 810                                       | \$ 26,030   | \$ 2,822   |
| Interest on net OPEB obligation         | (1,382)  | 62   | 5,535   | 435  |
| Amortization adjustment to ARC          | 1,885  | (86)   | (7,551)   | (594)  |
| Annual OPEB Cost                        | 1,513  | 786  | 24,014  | 2,663  |
| Contributions made                      | (3,200)  | (508)  | (24,835)  | (2,482)  |
| Change in net OPEB obligation           | (1,687)  | 278  | (821)   | 181  |
| Net OPEB obligation - beginning of year | (30,697)   | 1,396  | 123,005   | 9,673  |
| Net OPEB obligation - end of year       | <u>\$ (32,384)</u>                                 | <u>\$ 1,674</u>                              | <u>\$ 122,184</u>                                       | <u>\$ 9,854</u>  |

The plan administrators (see plan descriptions above) establish the contribution requirements of plan members. Plan members (retirees and eligible dependents) who participate in these healthcare plans must pay the full 2015 monthly premiums (except for grandfathered LP current retirees) as shown in the following chart.

|   | <u>Monthly Premium</u> |
|---|------------------------|
| State Personnel Healthcare Plan (SP) and<br>Legislature's Healthcare Plan (LP)        |                        |
| Consumer Driven Health Plan #1  |                        |
| Single (Non-Tobacco)  | \$ 437.71              |
| Family (Non-Tobacco)  | 1,315.34               |
| Consumer Driven Health Plan #2  |                        |
| Single (Non-Tobacco)  | 599.17                 |
| Family (Non-Tobacco)  | 1,737.19               |
| Traditional PPO   |                        |
| Single (Non-Tobacco)  | 971.10                 |
| Family (Non-Tobacco)  | 2,728.18               |
| Dental  |                        |
| Single  | 24.31                  |
| Family  | 63.96                  |
| Vision  |                        |
| Single  | 3.55                   |
| Family  | 9.01                   |
| Indiana State Police Healthcare Plan (ISPP)   |                        |
| Basic Plan - Medical Only   |                        |
| Retiree Only (Pre-Medicare)   | 395.36                 |
| Retiree Plus One Dependent<br>(Pre-Medicare)  | 508.52                 |
| Retiree Only (Post-Medicare)  | 145.16                 |
| Retiree Plus One Dependent<br>(Post-Medicare)   | 174.76                 |
| Optional Plan - Medical, Dental, & Vision   |                        |
| Retiree Only (Pre-Medicare)   | 462.31                 |
| Retiree Plus One Dependent<br>(Pre-Medicare)  | 631.65                 |
| Retiree Only (Post-Medicare)  | 169.16                 |
| Retiree Plus One Dependent<br>(Post-Medicare)   | 223.02                 |
| Conservation and Excise Police Health Care<br>Plan (CEPP) - Medical, Dental, & Vision |                        |
| Single - (Pre-Medicare)   | 337.84                 |
| Family - (Pre-Medicare)   | 592.25                 |
| Single (Post-Medicare)  | 134.93                 |
| Family (Post-Medicare)  | 193.64                 |

The State of Indiana's annual OPEB cost, the percentage of annual OPEB cost contributed, and the net OPEB obligation for June 30, 2012 through

June 30, 2014 for each of the plans were as follows:

|  | <u>Year Ended</u> | <u>Annual<br/>OPEB Cost</u> | <u>Percentage<br/>of OPEB Cost<br/>Contributed</u> | <u>Net OPEB<br/>Obligation</u> |
|--|-------------------|-----------------------------|--|--------------------------------|
| State Personnel Healthcare Plan                    | 6/30/2014         | \$ 1,513                    | 211.5%   | \$ (32,384)                    |
|  | 6/30/2013         | 1,234                       | 340.6%   | (30,697)                       |
|  | 6/30/2012         | 2,930                       | 1155.1%  | (27,728)                       |
| Legislature's Healthcare Plan                      | 6/30/2014         | \$ 787                      | 64.6%  | \$ 1,674                       |
|  | 6/30/2013         | 809                         | 65.9%  | 1,396                          |
|  | 6/30/2012         | 802                         | 60.9%  | 1,120                          |
| Indiana State Police Healthcare Plan               | 6/30/2014         | \$ 24,013                   | 103.4%   | \$ 122,184                     |
|  | 6/30/2013         | 25,850                      | 45.2%  | 123,005                        |
|  | 6/30/2012         | 26,336                      | 70.7%  | 108,840                        |
| Conservation and Excise Police<br>Health Care Plan | 6/30/2014         | \$ 2,663                    | 93.2%  | \$ 9,854                       |
|  | 6/30/2013         | 2,894                       | 100.0%   | 9,673                          |
|  | 6/30/2012         | 3,460                       | 199.1%   | 9,671                          |

Funded Status and Funding Progress The funded status of the plans as of June 30, 2014, was as follows:

|   | <u>State Personnel<br/>Healthcare Plan</u> | <u>Legislature's<br/>Healthcare Plan</u> | <u>Indiana State<br/>Police<br/>Healthcare Plan</u> | <u>Conservation and<br/>Excise Police<br/>Health Care Plan</u> |
|---|--|--|---|--|
| Actuarial accrued liability (a)   | \$ 36,355                                  | \$ 11,768                                | \$ 294,840  | \$ 38,063  |
| Actuarial value of plan assets (b)  | 44,067                                     | -  | 38,014  | 9,023  |
| Unfunded actuarial accrued liability<br>(funding excess) (a) - (b)  | <u>\$ (7,712)</u>                          | <u>\$ 11,768</u>                         | <u>\$ 256,826</u>                                   | <u>\$ 29,040</u>   |
| Funded ratio (b)/(a)  | 121.2%                                     | 0.0%                                     | 12.9%   | 23.7%  |
| Covered payroll (c)   | \$ 1,219,424                               | \$ 3,623                                 | \$ 93,630   | \$ 15,969  |
| Unfunded actuarial accrued liability<br>(funding excess) as a percentage of<br>covered payroll ((a)-(b))/(c)) | -0.6%                                      | 324.8%                                   | 274.3%  | 181.9%   |

GASB 45 regulations permit employers to use the most recent available actuarial information up to two years prior to the current period. The State elected to use the actuarial results for the period ending June 30, 2013 with adjustments for known experience for the period ending June 30, 2014.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts

determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial

accrued liability for benefits.

Actuarial Methods and Assumptions Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the

valuation date. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Significant methods and assumptions were as follows:

|                               | <b>State Personnel<br/>Healthcare Plan</b> | <b>Legislature's<br/>Healthcare Plan</b> | <b>Indiana State<br/>Police<br/>Healthcare Plan</b> | <b>Conservation<br/>and Excise<br/>Police Health<br/>Care Plan</b> |
|-------------------------------|--|--|---|--|
| Actuarial valuation date      | 6/30/2014                                  | 6/30/2014                                | 6/30/2014   | 6/30/2014  |
| Actuarial cost method         | Projected unit<br>credit                   | Projected unit<br>credit                 | Projected unit<br>credit                            | Projected unit<br>credit   |
| Amortization method           | Level dollar<br>amount, open               | Level dollar<br>amount, open             | Level dollar<br>amount, open                        | Level dollar<br>amount, open                                       |
| Remaining amortization period | 30 years                                   | 30 years                                 | 30 years  | 30 years   |
| Asset valuation method        | Market Value of<br>Assets                  | N/A                                      | Market Value of<br>Assets                           | Market Value<br>of Assets  |
| Actuarial assumptions:        |  |  |   |  |
| Inflation rate                | 3.00%                                      | 3.00%                                    | 3.00%   | 3.00%  |
| Investment rate of return     | 4.50%                                      | 4.50%                                    | 4.50%   | 4.50%  |
| Projected salary increases    | 4.00%                                      | 4.00%                                    | 4.00%   | 4.00%  |
| Healthcare inflation rate     | 9.0%                                       | 9.0%                                     | 9.0%  | 9.0%   |

GASB 45 regulations permit employers to use the most recent available actuarial information up to two years prior to the current period. The State elected to use the actuarial results for the period ending June 30, 2013 projected to June 30, 2014 with adjustments for known experience for the period ending June 30, 2014. There have been no material changes in the retiree health benefits or contribution requirements from the most recent available actuarial valuation for the period ending June 30, 2013. However, the premiums and per capita costs were updated for the current year valuation. Also, three actuarial assumptions were updated as follows: (1) the discount rate for the SPP and ISPP were reduced from 7.00% and 5.25% respectively to 4.50%; (2) the mortality table was updated from IRS 2008 Static Mortality Table projected to 2013 using scale AA to IRS 2008 Static Mortality Table projected to 2018 using scale AA for all four plans; and (3) the health care trend rates for all four plans were changed to an initial rate of 9.0% decreasing by 0.5% annually to an ultimate rate of 5.0% for medical and prescription drug benefits.

### ***Defined Contribution Plan***

Plan Description The State of Indiana sponsors one single employer defined contribution OPEB plan established as a trust fund, the Retiree Health Benefit Trust Fund, in IC 5-10-8-8.5. The State established this trust fund to provide funding for the retiree health benefit plan developed under IC 5-10-8.5. The plan is a benefit to employees who retire and are eligible for and have received a normal, unreduced or disability retirement benefit (as determined by statutes and codes governing a State public employee retirement fund). Qualified retirees of the State are eligible to receive retirement medical benefits from this Plan. Retirees' and/or covered dependents' qualifying health insurance and medical costs are eligible for reimbursement from their reimbursement account, subject to Plan conditions and limitations.

Financial Statements As separately issued financial statements are not available for the State Employee Retiree Health Benefit Trust Fund-DC, summarized financial statements are as follows:

**State of Indiana**  
**Combining Statement of Fiduciary Net Position**  
**Pension and Other Employee Benefit Trust Funds**  
**June 30, 2014**

|   | State Employee<br>Retiree Health<br>Benefit Trust<br>Fund - DC |
|---|--|
| <b>Assets</b>   |  |
| Cash, cash equivalents and non-pension investments            | \$ 32,683  |
| Receivables:  |  |
| Contributions   | 2,902  |
| Interest  | 53   |
| Total receivables   | 2,955  |
| Pension and other employee benefit investments at fair value: |  |
| Debt Securities   | 212,732  |
| Total investments at fair value                               | 212,732  |
| <b>Total assets</b>   | <b>248,370</b>   |
| <b>Liabilities:</b>   |  |
| Accounts/escrows payable                                      | 19   |
| Benefits payable  | 299  |
| <b>Total liabilities</b>                                      | <b>318</b>   |
| <b>Net Position</b>   |  |
| Restricted for:   |  |
| OPEB benefits   | 248,052  |
| <b>Total net position</b>                                     | <b>\$ 248,052</b>  |

**State of Indiana**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Pension and Other Employee Benefit Trust Funds**  
**For the Year Ended June 30, 2014**

(amounts expressed in thousands)

|   | State Employee<br>Retiree Health<br>Benefit Trust Fund<br>- DC |
|---|--|
| <b>Additions:</b>   |  |
| Employer contributions  | 40,913   |
| Net investment income (loss)  | 788  |
| Total additions   | 41,701   |
| <b>Deductions:</b>  |  |
| Retiree health benefits   | 15,625   |
| Administrative  | 139  |
| Total deductions  | 15,764   |
| Net increase (decrease) in net position   | 25,937   |
| Net position restricted for pension and other employee benefits, July 1, as restated: |  |
| OPEB benefits   | 222,115  |
| <b>Net position restricted for pension and other employee benefits, June 30</b>       | <b>\$ 248,052</b>  |

**Plan Provisions** Benefit provisions for this plan are established or may be amended by the State legislature. The State Budget Agency of the State of Indiana is the administrator of the plan pursuant to Indiana Code 5-10-8-8.5. The plan establishes a retirement medical benefits account for elected officers, appointed officers, and most employees of the executive, legislative, and judicial branches of state government to pay for participants' medical

insurance after retirement. Legislation passed by the 2012 Indiana General Assembly removed from eligibility in the DC plan all Conservation Officers, all Excise Officers, and employees of the Indiana State Police who did not previously waive coverage under the agency's DB plan. Benefits are entitled to be received from this account for a participant who: a) is eligible for and has applied to receive a normal, unreduced or disability retirement benefit under the Public Employees' Retirement Fund; or b) has completed at least 10 years of service as an elected or appointed officer; or c) has completed at least 15 years of service with the state for an employee. A surviving spouse or IRS dependent of a retired participant is allowed to receive the benefit from this account. Amounts credited to a retired participant are forfeited if the participant dies without a surviving spouse or IRS dependent.

The trust meets the requirements of a qualified OPEB trust. The trust is qualified under section 115 of the Internal Revenue Code.

**Contributions** The State is required to make annual contributions to the account based on the following schedule:

| Employee's Age                | Annual State<br>Contributions |
|-------------------------------|-------------------------------|
| Less than 30                  | \$500                         |
| At least 30, but less than 40 | \$800                         |
| At least 40, but less than 50 | \$1,100                       |
| At least 50                   | \$1,400                       |

An additional bonus contribution is to be made upon a participant's retirement with normal unreduced benefits if the retirement occurs between July 1, 2007 and July 1, 2017, and the retiree on the last day of service has completed at least 15 years of service or 10 years of service as an elected or appointed officer. The additional bonus contribution amount is one thousand dollars (\$1,000) multiplied by the participant's years of service (rounded down to the nearest whole year).

At June 30, 2014, the plan participants consisted of:

| Description  | Number        |
|--|---------------|
| Active participants with accounts, not yet retired | 27,440        |
| Retired participants with accounts                 | 5,338         |
| <b>Total</b>                                       | <b>32,778</b> |

At June 30, 2014, plan participants' retirement medical plan account balances totaled \$272.7

million which consisted of \$164.3 million in unretired active participants' accounts and \$108.4 million in retired participants' accounts.

This plan is a defined contribution individual account for GASB 45 purposes. The employer subsidy is defined in terms of an annual contribution to an individual account. Plan assets are maintained in the Retiree Health Benefit Trust Fund created by the State as a dedicated trust fund.

The trust fund consists of cigarette tax revenues deposited in the fund under IC 6-7-1-28.1(7) and other appropriations, revenues, or transfers to the trust fund under IC 4-12-1. The plan benefits satisfy the condition of being a defined contribution OPEB benefit and by definition, there is no unfunded liability.

The annual required contribution for the fiscal year ending June 30, 2014 was \$38.2 million. For the fiscal year ending June 30, 2014, the State contributed \$20.4 million in cigarette tax revenues to this fund. Another \$20.5 million was contributed by state agencies that are funded by federal or dedicated funds for their portion of funding. The retiree contribution includes the bonus contributions of \$1,000 per year of service to employees retiring after July 1, 2007 who also met certain minimum age and service requirements.

## G. Pollution Remediation Obligations

*Nature and source of pollution remediation obligations:*

Five state agencies have identified themselves as responsible or potentially responsible parties to remediate forty-seven pollution sites pursuant to the State's implementation of GASB 49, Accounting and Financial Reporting for Pollution Remediation Obligations effective July 1, 2008. Obligating events for the cleanup of these sites include the federal Superfund law, being named by a regulator to remediate hazardous wastes and contamination, and voluntarily assuming responsibility because of imminent threats to human health and the environment.

*Amount of the estimated liability, methods and assumptions used for the estimate, and the potential for changes:*

The State's total estimated liability is \$45.9 million of which \$6.2 million is estimated to be payable within one year and \$39.7 million estimated to be payable in more than one year. State agencies

calculated their estimated liabilities using various approaches including existing agreements, contractor bids/surveys, records of decisions from regulators, matching requirements under the Superfund law, previous actual costs to cleanup similar sites, investigation activities, well known and recognized estimation methods, and through the sampling and knowing the size and volume of existing contamination at a site. Superfund site estimated liabilities also applied a rolling thirty year liability as this was the number of years determined to be reasonably estimable. The estimated liabilities of state agencies are subject to annual review and adjustment for changes in agreements, laws, regulations, court decisions, price increases or decreases for goods and services used in cleanup, and other relevant changes that come to light.

*Estimated recoveries reducing the liability:*

The estimated recoveries total \$18.1 million. Of this total, \$0.2 million is unrealizable or has not yet been realized and has been applied to reduce the State's total estimated liability. Estimated recoveries include the proceeds from the sale of stock, bankruptcy court settlements, coverage of allowable costs by the State's Excess Liability Trust Fund (ELTF), and credits received for work performed on Superfund sites. The ELTF state law states that if insufficient funds exist to pay claims neither the State nor the Fund are liable for unpaid claims. The State recognized \$4.2 million of program revenue for four sites whose realized recoveries exceeded the pollution remediation liability.



# REQUIRED SUPPLEMENTARY INFORMATION





SPRF - State Police Retirement Fund (Administered by the Treasurer of the State of Indiana)  
PERF - Public Employees' Retirement Fund (Administered by the INPRS Board of Trustees)  
EGC - Excise Police, Gaming Agent and Conservation Enforcement Officers' Retirement Fund (Administered by the INPRS Board of Trustees)  
JRS - Judges' Retirement System (Administered by the INPRS Board of Trustees)  
PARF - Prosecuting Attorneys' Retirement Fund (Administered by the INPRS Board of Trustees)  
LRS - Legislators' Retirement System (Administered by the INPRS Board of Trustees)  
TRF - Teachers' Retirement Fund (Administered by the INPRS Board of Trustees)

The benefit formula is determined based on service rather than compensation. July 1, 2014: The unfunded liability is expressed per active participant and there were 24 active participants. The unfunded liability per active participant was \$29,401; July 1, 2013: The unfunded liability is expressed per active participant and there were 24 active participants. The unfunded liability per active participant was \$36,139; July 1, 2012: The unfunded liability is expressed per active participant and there were 6 active participants. The unfunded liability per active participant was \$187,726.

\*\* Corrected actuarial value of assets, excess of assets over (unfunded) AAL, funded ratio, and excess (unfunded) AAL as a percentage of covered payroll for SPRF from that reported in the 2013 CAFR.

\*\*\* Corrected covered payroll and/or excess (unfunded) AAL as a percentage of covered payroll for PERF-State, EGC, JRS, and PARF from that reported in the 2013 CAFR.

### Schedule of Funding Progress Other Postemployment Benefits

(amounts expressed in thousands)

| Actuarial<br>Valuation<br>Date                        | Actuarial<br>Value of<br>Assets (a) | Actuarial<br>Accrued<br>Liability<br>(AAL) (b) | Unfunded<br>AAL (UAAL)<br>(b-a) | Funded Ratio<br>(a/b) | Covered Payroll<br>(c) | UAAL as a<br>Percentage of<br>Covered<br>Payroll ((b-<br>a)/c) |
|---|-------------------------------------|--|---------------------------------|-----------------------|------------------------|--|
| <b>State Personnel Healthcare Plan</b>                |                                     |  |                                 |                       |                        |  |
| 6/30/2014   | \$ 44,067                           | \$ 36,355                                      | \$ (7,712)                      | 121.2%                | \$ 1,219,424           | -0.6%  |
| 6/30/2013   | 44,011                              | 39,999   | (4,012)                         | 110.0%                | 1,178,197 *            | -0.3% *  |
| 6/30/2012   | 44,008                              | 36,643   | (7,365)                         | 120.1%                | 1,170,773 *            | -0.6% *  |
| <b>Legislature's Healthcare Plan</b>                  |                                     |  |                                 |                       |                        |  |
| 6/30/2014   | -                                   | 11,768   | 11,768                          | 0.0%                  | 3,623                  | 324.8%   |
| 6/30/2013   | -                                   | 12,078   | 12,078                          | 0.0%                  | 3,204 *                | 377.0% *   |
| 6/30/2012   | -                                   | 11,956   | 11,956                          | 0.0%                  | 3,345 *                | 357.4% *   |
| <b>Indiana State Police Healthcare Plan</b>           |                                     |  |                                 |                       |                        |  |
| 6/30/2014   | 38,014                              | 294,840  | 256,826                         | 12.9%                 | 93,630                 | 274.3%   |
| 6/30/2013   | 21,133                              | 297,104  | 275,971                         | 7.1%                  | 93,680 *               | 294.6% *   |
| 6/30/2012   | 17,033                              | 291,148  | 274,115                         | 5.9%                  | 92,494 *               | 296.4% *   |
| <b>Conservation and Excise Police Healthcare Plan</b> |                                     |  |                                 |                       |                        |  |
| 6/30/2014   | 9,023                               | 38,063   | 29,040                          | 23.7%                 | 15,969                 | 181.9%   |
| 6/30/2013   | 7,446                               | 38,810   | 31,364                          | 19.2%                 | 16,038 *               | 195.6% *   |
| 6/30/2012   | 5,773                               | 41,804   | 36,031                          | 13.8%                 | 15,541 *               | 231.8% *   |

Note:

\* Denotes corrected covered payroll and UAAL as a percentage of covered payroll from prior year.

## Schedule of Contributions for the State Police Retirement Fund

(amounts expressed in thousands)

|  | 6/30/2014 | 6/30/2013 | 6/30/2012 | 6/30/2011 | 6/30/2010 | 6/30/2009 | 6/30/2008 | 6/30/2007 | 6/30/2006 | 6/30/2005 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Actuarially determined contribution                                  | \$ 13,869 | \$ 14,509 | \$ 14,517 | \$ 12,267 | \$ 14,230 | \$ 10,362 | \$ 9,174  | \$ 9,472  | \$ 12,666 | \$ 12,070 |
| Contributions in relation to the actuarially determined contribution | 10,603    | 12,367    | 44,040    | 9,450     | 9,471     | 9,472     | 9,412     | 12,114    | 7,535     | 7,544     |
| Contribution deficiency (excess)                                     | (3,266)   | (2,142)   | 29,523    | (2,817)   | (4,759)   | (890)     | 238       | 2,642     | (5,131)   | (4,526)   |
| Covered employee payroll   | 68,490    | 64,347    | 66,083    | 64,948    | 66,603    | 66,283    | 65,421    | 59,863    | 54,156    | 53,897    |
| Contributions as a percentage of covered employee payroll            | 15.5%     | 19.2%     | 66.6%     | 14.6%     | 14.2%     | 13.9%     | 14.4%     | 20.2%     | 13.9%     | 14.0%     |

### Notes to Schedule:

#### Valuation date:

Actuarially determined contribution rates are calculated as of July 1, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method: Entry age normal cost

Amortization method: Level percentage of payroll, closed

Remaining amortization period: 26 years

Asset valuation method: 4 year smoothed value

Inflation: 3.5%

Salary increases: 3.5% for the pre-1987 plan; For the 1987 plan, 9% at ages 6 and younger, annual increase reduced 0.5% per year reaching 4% at age 36, annual increases of 4% at ages 36 and older.

Investment rate of return: 6.75%, net of pension plan investment expense, including inflation

Mortality: For the 7/1/14 actuarial valuation, the mortality tables were revised from the 2013 IRS separate non-annuitant and annuitant mortality tables to the 2014 IRS separate non-annuitant and annuitant mortality tables.

## Schedule of Employer Contributions Other Postemployment Benefits

(amounts expressed in thousands)

| Year<br>Ended<br>June 30 | State Personnel<br>Healthcare Plan |                           |  | Legislature's Healthcare Plan      |                           |  | Indiana State Police<br>Healthcare Plan |                           |  | Conservation and Excise<br>Police Healthcare Plan |                           |  | Retiree Health Benefit Trust<br>Fund |                           |  |
|--------------------------|------------------------------------|---------------------------|--|------------------------------------|---------------------------|--|---|---------------------------|--|---|---------------------------|--|--------------------------------------|---------------------------|--|
|                          | Annual<br>Required<br>Contribution | Percentage<br>Contributed |  | Annual<br>Required<br>Contribution | Percentage<br>Contributed |  | Annual<br>Required<br>Contribution      | Percentage<br>Contributed |  | Annual<br>Required<br>Contribution                | Percentage<br>Contributed |  | Annual<br>Required<br>Contribution   | Percentage<br>Contributed |  |
| 2014                     | \$ 1,010                           | 316.9%                    |  | 810                                | 62.8%                     |  | \$ 26,030                               | 95.4%                     |  | \$ 2,822  | 88.0%                     |  | \$ 38,200                            | 100.0%                    |  |
| 2013                     | 941                                | 446.9%                    |  | 827                                | 64.5%                     |  | 27,419                                  | 42.6%                     |  | 3,053   | 94.8%                     |  | 34,400 *                             | 100.0%                    |  |
| 2012                     | 2,964                              | 1141.9%                   |  | 815                                | 59.9%                     |  | 27,794                                  | 67.0%                     |  | 3,675   | 187.5%                    |  | 34,400                               | 100.0%                    |  |

\* This is the annual required contribution for the fiscal year ending June 30, 2012.

## Schedule of Changes in the State Police Retirement Fund's Net Pension Liability and Related Ratios

(amounts expressed in thousands)

|   | 6/30/2014  | 6/30/2013  |
|---|------------|------------|
| <b>Total pension liability</b>  |            |            |
| Service cost  | \$ 13,747  | \$ 13,576  |
| Interest  | 34,935     | 33,758     |
| Changes of benefit terms  | 269        | 147        |
| Differences between expected and actual experience                              | 778        | 1,112      |
| Changes of assumptions  | 775        | 533        |
| Benefit payments, including refunds of member contributions                     | (32,923)   | (30,724)   |
| <b>Net change in total pension liability</b>                                    | 17,581     | 18,402     |
| <b>Total pension liability, beginning</b>                                       | 523,216    | 504,814    |
| <b>Total pension liability, ending (a)</b>                                      | 540,797    | 523,216    |
| <b>Plan fiduciary net position</b>  |            |            |
| Contributions - employer  | 14,005     | 47,588     |
| Contributions - member  | 3,763      | 3,786      |
| Net investment income   | 44,883     | 29,787     |
| Benefit payments, including refunds of member contributions                     | (32,923)   | (30,724)   |
| Administrative expense  | (307)      | (261)      |
| Other   | (11)       | 2          |
| <b>Net change in pension plan fiduciary net position</b>                        | 29,410     | 50,178     |
| <b>Plan fiduciary net position, beginning</b>                                   | 438,588    | 388,410    |
| <b>Plan fiduciary net position, ending (b)</b>                                  | \$ 467,998 | \$ 438,588 |
| <b>SPRF's net pension liability, ending ((a) - (b))</b>                         | 72,799     | 84,628     |
| <b>Covered employee payroll</b>   | 68,490     | 64,347     |
| <b>SPRF's net pension liability as a percentage of covered employee payroll</b> | 106.3%     | 131.5%     |

### Notes to Schedule:

(1) The effort and cost to recreate financial information for 10 years was not practical. Information was prepared prospectively from June 30, 2012 for GASB-S67 purposes and prospectively from June 30, 2013 for GASB-S68 purposes.

| Schedule of Investment Returns for the State Police Retirement Fund |           |           |           |           |           |           |           |           |           |           |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|   | 6/30/2014 | 6/30/2013 | 6/30/2012 | 6/30/2011 | 6/30/2010 | 6/30/2009 | 6/30/2008 | 6/30/2007 | 6/30/2006 | 6/30/2005 |
| Annual money-weighted rate of return, net of investment expense     | 10.3%     | 7.4%      | 1.9%      | 22.0%     | 16.2%     | -15.6%    | -5.7%     | 13.4%     | 6.6%      | 7.2%      |

## Budgetary Information

The Governor submits a budget biennially to be adopted by the General Assembly for the ensuing two-year period. The budget covers the general fund and most special revenue funds. The General Assembly enacts the budget through passage of specific appropriations.

The budget bill is enacted as the Appropriations Act that the Governor may veto, subject to legislative override. Except as specifically provided by statute, appropriations or any part thereof remaining unexpended and unencumbered at the close of any fiscal year will lapse and be returned to the fund from which it was appropriated.

The final budget is composed of budgeted amounts as adopted and as amended by supplemental appropriations or appropriation transfers that were necessary during the current year. The State Board of Finance, which consists of the Governor, Auditor of State and Treasurer of State, is empowered to transfer appropriations from one appropriation, fund, or agency of the State to another, with the exception of trust funds. The State Budget Agency may transfer, assign, and reassign almost any appropriation, except those restricted by law, but only when: (1) the uses and purposes to which the funds are transferred are uses and purposes which the agency is permitted or required to perform; and (2) and the transfers are within the same agency of the state to which the appropriation was originally made. Capital appropriations are initially posted to general government. As projects are approved by the State Budget Committee the appropriations are transferred to the function of government from which they are disbursed. In addition, expenditures under many federal grants are required to be spent before they are reimbursed by the federal government. These actions are considered supplemental appropriations; therefore, expenditures do not exceed appropriations for individual funds.

The legal level of budgetary control (the level on which expenditures may not legally exceed appropriations) is maintained at the fund level by the State Budget Agency. When budgets are submitted for each fund, certain recurring expenditures are not budgeted (medical service payments, tort claims) according to instructions from the State Budget Agency to the various agencies. The Budget Agency monitors all funds regularly in addition to monitoring excess general fund revenue that will be available at the end of the fiscal year to cover the non-budgeted, recurring expenditures.

**State of Indiana**  
**Combining Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**(Budgetary Basis)**  
**For the Year Ended June 30, 2014**  
(amounts expressed in thousands)

|  | General Fund   |              |              | Variance to  |
|--|----------------|--------------|--------------|--------------|
|  | Budget         |              | Actual       | Final Budget |
|  | Original       | Final        |              |              |
| <b>Revenues:</b>                             |                |              |              |              |
| Taxes:                                       |                |              |              |              |
| Income                                       | \$ 6,063,000   | \$ 6,063,000 | \$ 5,886,915 | \$ (176,085) |
| Sales  | 7,088,400      | 7,088,400    | 6,925,301    | (163,099)    |
| Gaming                                       | 523,100        | 523,100      | 60,557       | (462,543)    |
| Inheritance                                  | 128,500        | 128,500      | 87,712       | (40,788)     |
| Alcohol and tobacco                          | 276,100        | 276,100      | 274,700      | (1,400)      |
| Insurance                                    | 192,200        | 192,200      | 218,485      | 26,285       |
| Other  | 233,690        | 233,690      | 250,803      | 17,113       |
| Total taxes                                  | 14,504,990     | 14,504,990   | 13,705,975   | (799,015)    |
| Current service charges                      | 202,320        | 202,320      | 206,367      | 4,047        |
| Investment income                            | 20,000         | 20,000       | 17,861       | (2,139)      |
| Sales/rents                                  | 2,117          | 2,117        | 627          | (1,490)      |
| Grants                                       | -              | -            | 2,291        | 2,291        |
| Other  | 62,640         | 62,640       | 54,593       | (8,047)      |
|  |                |              |              |              |
| Total revenues                               | 14,792,067     | 14,792,067   | 13,987,714   | (804,353)    |
| <b>Expenditures:</b>                         |                |              |              |              |
| Current:                                     |                |              |              |              |
| General government                           | 1,256,309      | 1,891,016    | 1,170,284    | 720,732      |
| Public safety                                | 1,196,297      | 920,794      | 901,195      | 19,599       |
| Health                                       | 54,804         | 45,509       | 42,060       | 3,449        |
| Welfare                                      | 3,548,010      | 786,218      | 677,569      | 108,649      |
| Conservation, culture and development        | 113,191        | 69,846       | 57,708       | 12,138       |
| Education                                    | 9,526,037      | 9,370,008    | 9,193,273    | 176,735      |
| Transportation                               | 243,598        | 2,687        | 1,465        | 1,222        |
|  |                |              |              |              |
| Total expenditures                           | 15,938,246     | 13,086,078   | 12,043,554   | 1,042,524    |
|  |                |              |              |              |
| Excess of revenues over (under) expenditures | (1,146,179)    | 1,705,989    | 1,944,160    | (238,171)    |
| <b>Other financing sources (uses):</b>       |                |              |              |              |
| Total other financing sources (uses)         | (1,942,376)    | (1,942,376)  | (1,942,376)  | -            |
|  |                |              |              |              |
| Net change in fund balances                  | \$ (3,088,555) | \$ (236,387) | 1,784        | \$ 238,171   |
| <b>Fund balances July 1, as restated</b>     |                |              | 2,392,328    |              |
| <b>Fund balances June 30</b>                 |                |              | \$ 2,394,112 |              |



| Public Welfare-Medicaid Assistance |                |                   |                             | Major Moves Construction Fund |              |                   |                             |
|------------------------------------|----------------|-------------------|-----------------------------|-------------------------------|--------------|-------------------|-----------------------------|
| Budget                             |                | Actual            | Variance to<br>Final Budget | Budget                        |              | Actual            | Variance to<br>Final Budget |
| Original                           | Final          |                   |                             | Original                      | Final        |                   |                             |
| \$ -                               | \$ -           | \$ -              | \$ -                        | \$ -                          | \$ -         | \$ -              | \$ -                        |
| -                                  | -              | -                 | -                           | -                             | -            | -                 | -                           |
| -                                  | -              | -                 | -                           | -                             | -            | -                 | -                           |
| -                                  | -              | -                 | -                           | -                             | -            | -                 | -                           |
| -                                  | -              | -                 | -                           | -                             | -            | -                 | -                           |
| -                                  | -              | -                 | -                           | -                             | -            | -                 | -                           |
| 1,001,125                          | 1,001,125      | 946,978           | (54,147)                    | -                             | -            | -                 | -                           |
| -                                  | -              | -                 | -                           | 24,639                        | 24,639       | 4,796             | (19,843)                    |
| -                                  | -              | -                 | -                           | -                             | -            | -                 | -                           |
| 5,947,972                          | 5,947,972      | 5,942,798         | (5,174)                     | -                             | -            | -                 | -                           |
| 33,630                             | 33,630         | 29                | (33,601)                    | -                             | -            | -                 | -                           |
| 6,982,727                          | 6,982,727      | 6,889,805         | (92,922)                    | 24,639                        | 24,639       | 4,796             | (19,843)                    |
| -                                  | 29             | -                 | 29                          | -                             | -            | -                 | -                           |
| -                                  | -              | -                 | -                           | -                             | -            | -                 | -                           |
| -                                  | -              | -                 | -                           | -                             | -            | -                 | -                           |
| -                                  | 10,839,825     | 8,494,438         | 2,345,387                   | -                             | -            | -                 | -                           |
| -                                  | -              | -                 | -                           | -                             | -            | -                 | -                           |
| -                                  | -              | -                 | -                           | -                             | -            | -                 | -                           |
| -                                  | -              | -                 | -                           | 5,600                         | 46,166       | 40,566            | 5,600                       |
| -                                  | 10,839,854     | 8,494,438         | 2,345,416                   | 5,600                         | 46,166       | 40,566            | 5,600                       |
| 6,982,727                          | (3,857,127)    | (1,604,633)       | (2,252,494)                 | 19,039                        | (21,527)     | (35,770)          | 14,243                      |
| 1,532,317                          | 1,532,317      | 1,532,317         | -                           | (105,441)                     | (105,441)    | (105,441)         | -                           |
| \$ 8,515,044                       | \$ (2,324,810) | (72,316)          | \$ 2,252,494                | \$ (86,402)                   | \$ (126,968) | (141,211)         | \$ (14,243)                 |
|                                    |                | 420,624           |                             |                               |              | 778,513           |                             |
|                                    |                | <u>\$ 348,308</u> |                             |                               |              | <u>\$ 637,302</u> |                             |

# Budget/GAAP Reconciliation

## Major Funds

The cash basis of accounting (budgetary basis) is applied to each budget. The budgetary basis differs from GAAP. The major differences between budgetary (non-GAAP) basis and GAAP basis are:

| (amounts expressed in thousands)   | GENERAL FUND | PUBLIC WELFARE-<br>MEDICAID ASSIS | MAJOR MOVES<br>CONSTRUCTION<br>FUND | Total        |
|--|--------------|-----------------------------------|-------------------------------------|--------------|
| Net change in fund balances (budgetary basis)  | \$ 1,784     | \$ (72,316)                       | \$ (141,211)                        | \$ (211,743) |
| Adjustments necessary to convert the results of operations on a budgetary basis to a GAAP basis are:           |              |                                   |                                     |              |
| Revenues are recorded when earned (GAAP) as opposed to when cash is received (budgetary)                       | (4,594)      | 113,905                           | 4,388                               | 113,700      |
| Expenditures are recorded when the liability is incurred (GAAP) as opposed to when payment is made (budgetary) | 137,634      | (26,832)                          | (453)                               | 110,349      |
| Net change in fund balances (GAAP basis)   | \$ 134,824   | \$ 14,757                         | \$ (137,276)                        | \$ 12,305    |

## Infrastructure - Modified Reporting

### Condition Rating of the State's Highways and Bridges

| <b>Roads</b>   | <b>Average International Roughness Index (IRI), Right Wheel Path (RWP)</b> |                    |                    |
|--|--|--------------------|--------------------|
|  | <b><u>2014</u></b>   | <b><u>2013</u></b> | <b><u>2012</u></b> |
| Interstate Roads (excluding Rest Areas and Weigh Stations)           | 78.6   | 85.1               | 85.6               |
| NHS Roads - Non-Interstate (excluding Rest Areas and Weigh Stations) | 92.0   | 100.1              | 87.8               |
| Non-NHS Roads  | 99.3   | 102.2              | 100.7              |

The condition of road pavement is based on the International Roughness Index (IRI), which is a measure of the roughness of the pavement in terms of inches per mile, and applies both to Portland cement concrete (PCC) and hot mix asphalt (HMA) pavements. IRI's range from zero for a pavement that is perfectly smooth to ratings above 170 for a pavement that warrants replacement. The condition index is used to classify roads in excellent condition (0-79), good condition (80-114), satisfactory condition (115-149), fair condition (150-169), and poor condition (above 170). It is the State's policy to maintain a network average of no more than 101 IRI (RWP). Condition assessments are determined on an annual basis for all roads maintained by INDOT. The ratings provided are based on data gathered during the summer (May to October) for each fiscal year. The data is evaluated and compared to standard criteria by the end of the fiscal year.

The State changed its methodology for reporting IRI from all wheel paths collected to right wheel path in 2014. The 2012 and 2013 averages are restated.

| <b>Bridges</b>               | <b>Average Sufficiency Rating</b> |                    |                    |
|------------------------------|-----------------------------------|--------------------|--------------------|
|                              | <b><u>2014</u></b>                | <b><u>2013</u></b> | <b><u>2012</u></b> |
| Interstate Bridges           | 90.1%                             | 90.1%              | 89.1%              |
| NHS Bridges - Non-Interstate | 90.0%                             | 89.7%              | 89.9%              |
| Non-NHS Bridges              | 89.3%                             | 88.8%              | 88.0%              |

The condition of the State's bridges is measured based on a sufficiency rating, which is based on a weighted average of four factors indicative of a bridge's sufficiency to remain in service. The sufficiency rating uses a measurement scale that ranges from zero for an entirely insufficient or deficient bridge to 100 for an entirely sufficient bridge. The sufficiency rating is used to classify bridges in excellent condition (90-100), good condition (80-89), fair condition (70-79), marginal condition (60-69), and poor condition (below 60). It is the State's policy to maintain Interstate bridges at a minimum sufficiency rating of 87%, NHS Non-Interstate bridges at 85%, and Non-NHS bridges at 83%. Sufficiency ratings are determined at least on a biennial basis for all bridges. Sufficiency ratings are determined more frequently for certain bridges depending on their design.

**Infrastructure - Modified Reporting**  
**Comparison of Planned-to-Actual Maintenance/Preservation**  
**(amounts expressed in thousands)**

|  | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
|--|-------------|-------------|-------------|-------------|-------------|
| <b>Roads</b>   |             |             |             |             |             |
| Interstate Roads (including Rest Areas and Weigh Stations):                      |             |             |             |             |             |
| Planned  | \$ 161,222  | \$ 189,542  | \$ 205,878  | \$ 222,707  | \$ 241,935  |
| Actual   | 160,064     | 123,699     | 165,740     | 194,727     | 226,401     |
| NHS and Non-NHS Roads - Non-Interstate (including Rest Areas and Weigh Stations) |             |             |             |             |             |
| Planned  | 260,501     | 282,843     | 296,337     | 314,282     | 381,433     |
| Actual   | 245,864     | 298,356     | 337,507     | 364,173     | 423,949     |
| Roads at State Institutions and Properties                                       |             |             |             |             |             |
| Planned  | 868         | 1,030       | 1,699       | 2,046       | 2,073       |
| Actual   | 322         | 3,132       | 5,183       | 3,386       | 1,635       |
| Total  |             |             |             |             |             |
| Planned  | 422,591     | 473,415     | 503,914     | 539,035     | 625,441     |
| Actual   | 406,250     | 425,187     | 508,430     | 562,286     | 651,985     |
| <b>Bridges</b>   |             |             |             |             |             |
| Interstate Bridges   |             |             |             |             |             |
| Planned  | \$ 40,755   | \$ 46,568   | \$ 55,371   | \$ 62,746   | \$ 75,181   |
| Actual   | 28,728      | 36,820      | 58,245      | 54,505      | 51,416      |
| NHS Bridges - Non-Interstate   |             |             |             |             |             |
| Planned  | 37,982      | 51,418      | 41,395      | 27,240      | 25,706      |
| Actual   | 32,121      | 28,553      | 26,733      | 27,085      | 24,299      |
| Non-NHS Bridges  |             |             |             |             |             |
| Planned  | 63,939      | 76,918      | 106,891     | 84,736      | 79,055      |
| Actual   | 49,030      | 80,470      | 102,491     | 73,713      | 60,861      |
| Bridges at State Institutions and Properties                                     |             |             |             |             |             |
| Planned  | -           | -           | 1           | -           | 5           |
| Actual   | -           | 752         | 108         | -           | 354         |
| Total  |             |             |             |             |             |
| Planned  | 142,676     | 174,904     | 203,658     | 174,722     | 179,947     |
| Actual   | 109,879     | 146,595     | 187,577     | 155,303     | 136,930     |

Data provided by Comparative Report of Preservation Costs

## OTHER SUPPLEMENTARY INFORMATION



## NON-MAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

Special revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. Funds of material significance are presented separately in these combining statements. All other funds are included under the description "Other Non-Major Special Revenue Funds."

The following funds are used to account for transportation and motor vehicle related programs:

- Motor Vehicle Highway
- Motor Vehicle Commission
- Road & Street, Primary Highway
- State Highway Fund

The following funds are used to account for health and environmental programs:

- Indiana Check-Up Plan
- Patients Compensation Fund
- Tobacco Settlement Fund

The following funds are used to receive and distribute certain revenues to the proper sources:

- State Gaming Fund
- Build Indiana Fund

The following fund is used to account for federal and non-federal programs:

- Fund 6000 Programs

The following fund is used to provide low interest construction and technology loans for qualifying schools:

- Common School Fund

The following funds are used to account for federal grant programs:

- U.S. Department of Agriculture
- U.S. Department of Labor
- U.S. Department of Transportation
- U.S. Department of Education
- U.S. Department of Health and Human Services

## NON-MAJOR GOVERNMENTAL FUNDS

### CAPITAL PROJECTS FUNDS

Capital project funds account for financial resources to be used by the State for the acquisition or construction of major capital facilities (other than those financed by proprietary and trust funds). Funds of material significance are presented separately in these combining statements. All other funds are included under the description "Other Non-Major Capital Projects Funds."

**State Police Building Commission Fund** – This fund accounts for new construction, rehabilitation and preventative maintenance for this state commission.

**Post War Construction Fund** – This fund accounts for new construction, rehabilitation and preventative maintenance of penal, benevolent and charitable institutions of the state.

### PERMANENT FUNDS

Permanent Funds account for resources of the State that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support State programs. Funds of material significance are presented separately in these combining statements. All other funds are included under the description "Other Non-Major Permanent Funds."

**Next Generation Trust Fund** - This fund is used to hold title to proceeds transferred to the trust under IC 8-15.5-11. The interest is appropriated every five years beginning March 15, 2011 and is to be used exclusively for the provision of highways, roads, and bridges for the benefit of the people of Indiana and the users of those facilities.

**State of Indiana**  
**Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2014**  
(amounts expressed in thousands)

|  | <b>Non-Major<br/>Special Revenue<br/>Funds</b> | <b>Non-Major<br/>Capital Projects<br/>Funds</b> | <b>Non-Major<br/>Permanent<br/>Funds</b> | <b>Total</b>        |
|--|--|---|--|---------------------|
| <b>ASSETS</b>  |  |   |  |                     |
| Cash, cash equivalents and investments-unrestricted                      | \$ 2,692,695                                   | \$ 48,746                                       | \$ 592,746                               | \$ 3,334,187        |
| Receivables:   |  |   |  |                     |
| Taxes (net of allowance for uncollectible accounts)                      | 127,419  | 1,858   | -  | 129,277             |
| Accounts   | 61,697   | 82  | -  | 61,779              |
| Grants   | 315,783  | -   | -  | 315,783             |
| Interest   | 36   | -   | -  | 36                  |
| Interfund loans  | 8,000  | -   | -  | 8,000               |
| Due from component unit  | 28,732   | -   | -  | 28,732              |
| Prepaid expenditures   | 608  | 72  | -  | 680                 |
| Loans  | 388,618  | -   | -  | 388,618             |
| Other  | 2,223  | -   | 5  | 2,228               |
| Total assets   | <u>3,625,811</u>                               | <u>50,758</u>                                   | <u>592,751</u>                           | <u>4,269,320</u>    |
| <b>Total assets and deferred outflow of resources</b>                    | <u>\$ 3,625,811</u>                            | <u>\$ 50,758</u>                                | <u>\$ 592,751</u>                        | <u>\$ 4,269,320</u> |
| <b>LIABILITIES</b>   |  |   |  |                     |
| Accounts payable   | \$ 445,835                                     | \$ 2,256  | \$ -                                     | \$ 448,091          |
| Salaries and benefits payable  | 47,836   | -   | -  | 47,836              |
| Interfund loans  | 126,367  | 709   | -  | 127,076             |
| Interfunds services used   | 3,644  | -   | -  | 3,644               |
| Intergovernmental payable  | 140,298  | -   | -  | 140,298             |
| Tax refunds payable  | 1,907  | -   | -  | 1,907               |
| Accrued liability for compensated absences-current                       | 3,927  | -   | -  | 3,927               |
| Other payables   | 155  | -   | 5  | 160                 |
| Total liabilities  | <u>769,969</u>                                 | <u>2,965</u>                                    | <u>5</u>                                 | <u>772,939</u>      |
| <b>DEFERRED INFLOW OF RESOURCES</b>                                      |  |   |  |                     |
| Unavailable revenue  | <u>31,399</u>                                  | <u>4</u>  | <u>-</u>                                 | <u>31,403</u>       |
| Total deferred inflow of resources                                       | <u>31,399</u>                                  | <u>4</u>  | <u>-</u>                                 | <u>31,403</u>       |
| <b>FUND BALANCE</b>  |  |   |  |                     |
| Nonspendable:  | 608  | 72  | 521,028                                  | 521,708             |
| Committed:   | 1,061,720                                      | -   | 71,718                                   | 1,133,438           |
| Assigned:  | 1,936,753                                      | 48,426  | -  | 1,985,179           |
| Unassigned:  | (174,638)                                      | (709)   | -  | (175,347)           |
| Total fund balance   | <u>2,824,443</u>                               | <u>47,789</u>                                   | <u>592,746</u>                           | <u>3,464,978</u>    |
| <b>Total liabilities, deferred inflow of resources, and fund balance</b> | <u>\$ 3,625,811</u>                            | <u>\$ 50,758</u>                                | <u>\$ 592,751</u>                        | <u>\$ 4,269,320</u> |



**State of Indiana**  
**Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2014**  
(amounts expressed in thousands)

|   | Non-Major<br>Special Revenue<br>Funds | Non-Major<br>Capital Projects<br>Funds | Non-Major<br>Permanent<br>Funds | Total               |
|---|---------------------------------------|--|---------------------------------|---------------------|
| <b>Revenues:</b>  |                                       |  |                                 |                     |
| Taxes:  |                                       |  |                                 |                     |
| Sales   | 86,945                                | -                                      | -                               | 86,945              |
| Fuels   | 775,800                               | -                                      | -                               | 775,800             |
| Gaming  | 621,070                               | -                                      | -                               | 621,070             |
| Unemployment  | 914                                   | -                                      | -                               | 914                 |
| Alcohol and tobacco                                       | 154,474                               | 19,113                                 | -                               | 173,587             |
| Insurance   | 4,588                                 | -                                      | -                               | 4,588               |
| Financial Institutions                                    | 92,862                                | -                                      | -                               | 92,862              |
| Other   | 16,233                                | -                                      | -                               | 16,233              |
| Total taxes   | 1,752,886                             | 19,113                                 | -                               | 1,771,999           |
| Current service charges                                   | 1,177,975                             | 2,470                                  | -                               | 1,180,445           |
| Investment income   | 908                                   | -                                      | 14,880                          | 15,788              |
| Sales/rents   | 21,466                                | -                                      | -                               | 21,466              |
| Grants  | 5,362,598                             | 1,709                                  | -                               | 5,364,307           |
| Other   | 75,047                                | -                                      | -                               | 75,047              |
| Total revenues  | 8,390,880                             | 23,292                                 | 14,880                          | 8,429,052           |
| <b>Expenditures:</b>                                      |                                       |  |                                 |                     |
| Current:  |                                       |  |                                 |                     |
| General government  | 376,608                               | -                                      | 4                               | 376,612             |
| Public safety   | 538,491                               | -                                      | -                               | 538,491             |
| Health  | 309,375                               | -                                      | -                               | 309,375             |
| Welfare   | 3,115,120                             | -                                      | -                               | 3,115,120           |
| Conservation, culture and development                     | 450,653                               | -                                      | -                               | 450,653             |
| Education   | 1,335,263                             | -                                      | -                               | 1,335,263           |
| Transportation  | 2,393,929                             | -                                      | 100                             | 2,394,029           |
| Capital outlay  | -                                     | 16,999                                 | -                               | 16,999              |
| Total expenditures  | 8,519,439                             | 16,999                                 | 104                             | 8,536,542           |
| Excess (deficiency) of revenues over (under) expenditures | (128,559)                             | 6,293                                  | 14,776                          | (107,490)           |
| <b>Other financing sources (uses):</b>                    |                                       |  |                                 |                     |
| Transfers in  | 2,545,526                             | 475                                    | -                               | 2,546,001           |
| Transfers (out)   | (2,024,893)                           | (829)                                  | -                               | (2,025,722)         |
| Proceeds from capital lease                               | 3,572                                 | -                                      | -                               | 3,572               |
| Total other financing sources (uses)                      | 524,205                               | (354)                                  | -                               | 523,851             |
| <b>Net change in fund balances</b>                        | 395,646                               | 5,939                                  | 14,776                          | 416,361             |
| <b>Fund Balance July 1, as restated</b>                   | 2,428,797                             | 41,850                                 | 577,970                         | 3,048,617           |
| <b>Fund Balance June 30</b>                               | <b>\$ 2,824,443</b>                   | <b>\$ 47,789</b>                       | <b>\$ 592,746</b>               | <b>\$ 3,464,978</b> |

**State of Indiana**  
**Combining Balance Sheet**  
**Non-Major Special Revenue Funds**  
**June 30, 2014**  
(amounts expressed in thousands)

|  | STATE GAMING<br>FUND | MOTOR<br>VEHICLE<br>HIGHWAY | MOTOR<br>VEHICLE<br>COMMISSION | BUILD INDIANA<br>FUND |
|--|----------------------|-----------------------------|--------------------------------|-----------------------|
| <b>ASSETS</b>  |                      |                             |                                |                       |
| Cash, cash equivalents and investments-<br>unrestricted                      | \$ 3,078             | \$ 71,506                   | \$ 6,171                       | \$ 6,949              |
| Taxes (net of allowance for uncollectible<br>accounts)                       | 10,888               | 15,208                      | -                              | -                     |
| Accounts   | -                    | 9,222                       | 4,242                          | -                     |
| Grants   | -                    | -                           | -                              | -                     |
| Interest   | -                    | -                           | -                              | -                     |
| Interfund loans  | -                    | 8,000                       | -                              | -                     |
| Due from component unit  | -                    | -                           | -                              | 28,732                |
| Prepaid expenditures   | -                    | -                           | -                              | -                     |
| Loans  | -                    | -                           | -                              | -                     |
| Other  | -                    | -                           | -                              | -                     |
| Total assets   | <u>13,966</u>        | <u>103,936</u>              | <u>10,413</u>                  | <u>35,681</u>         |
| <b>Total assets and deferred outflow of<br/>resources</b>                    | <u>\$ 13,966</u>     | <u>\$ 103,936</u>           | <u>\$ 10,413</u>               | <u>\$ 35,681</u>      |
| <b>LIABILITIES</b>   |                      |                             |                                |                       |
| Accounts payable   | \$ 32                | \$ 109                      | \$ 1,956                       | \$ 430                |
| Salaries and benefits payable  | 149                  | -                           | 1,800                          | 11                    |
| Interfund loans  | -                    | -                           | -                              | -                     |
| Interfunds services used   | 28                   | 42                          | 55                             | -                     |
| Intergovernmental payable  | 42                   | 35,775                      | -                              | -                     |
| Tax refunds payable  | -                    | 1,755                       | -                              | -                     |
| Accrued liability for compensated<br>absences-current                        | 14                   | -                           | 145                            | -                     |
| Other payables   | -                    | -                           | -                              | -                     |
| Total liabilities  | <u>265</u>           | <u>37,681</u>               | <u>3,956</u>                   | <u>441</u>            |
| <b>DEFERRED INFLOW OF RESOURCES</b>  |                      |                             |                                |                       |
| Unavailable revenue  | -                    | 8,432                       | -                              | -                     |
| Total deferred inflow of resources   | <u>-</u>             | <u>8,432</u>                | <u>-</u>                       | <u>-</u>              |
| <b>FUND BALANCE</b>  |                      |                             |                                |                       |
| Nonspendable:  | -                    | -                           | -                              | -                     |
| Committed:   | 10,201               | -                           | -                              | -                     |
| Assigned:  | 3,500                | 57,823                      | 6,457                          | 35,240                |
| Unassigned:  | -                    | -                           | -                              | -                     |
| Total fund balance   | <u>13,701</u>        | <u>57,823</u>               | <u>6,457</u>                   | <u>35,240</u>         |
| <b>Total liabilities, deferred inflow of<br/>resources, and fund balance</b> | <u>\$ 13,966</u>     | <u>\$ 103,936</u>           | <u>\$ 10,413</u>               | <u>\$ 35,681</u>      |

| STATE<br>HIGHWAY FUND | INDIANA CHECK-<br>UP PLAN | FUND 6000<br>PROGRAMS | PATIENTS<br>COMPENSATION<br>FUND | ROAD &<br>STREET,<br>PRIMARY<br>HIGHWAY |
|-----------------------|---------------------------|-----------------------|----------------------------------|---|
| \$ 456,838            | \$ 346,142                | \$ 264,244            | \$ 141,508                       | \$ 6,615                                |
| 2,663                 | 19,597                    | 7,801                 | -                                | 8,502                                   |
| 5,468                 | -                         | 4,614                 | 1,474                            | 390                                     |
| 6,258                 | -                         | 2,236                 | -                                | -                                       |
| -                     | -                         | 4                     | 11                               | -                                       |
| -                     | -                         | -                     | -                                | -                                       |
| -                     | -                         | -                     | -                                | -                                       |
| -                     | -                         | -                     | -                                | -                                       |
| 13,361                | -                         | 38                    | -                                | -                                       |
| -                     | -                         | 2,216                 | 3                                | -                                       |
| <u>484,588</u>        | <u>365,739</u>            | <u>281,153</u>        | <u>142,996</u>                   | <u>15,507</u>                           |
| <u>\$ 484,588</u>     | <u>\$ 365,739</u>         | <u>\$ 281,153</u>     | <u>\$ 142,996</u>                | <u>\$ 15,507</u>                        |
| \$ 28,422             | \$ 2,890                  | \$ 62,771             | \$ 47,302                        | \$ -                                    |
| 12,424                | 5                         | 1,279                 | 37                               | -                                       |
| 8,000                 | -                         | -                     | -                                | -                                       |
| 481                   | -                         | 102                   | 15                               | -                                       |
| -                     | -                         | -                     | -                                | 7,183                                   |
| -                     | -                         | 152                   | -                                | -                                       |
| 1,167                 | -                         | 77                    | 4                                | -                                       |
| 136                   | -                         | -                     | 3                                | -                                       |
| <u>50,630</u>         | <u>2,895</u>              | <u>64,381</u>         | <u>47,361</u>                    | <u>7,183</u>                            |
| 429                   | 8,222                     | 7,675                 | -                                | 3,138                                   |
| <u>429</u>            | <u>8,222</u>              | <u>7,675</u>          | <u>-</u>                         | <u>3,138</u>                            |
| -                     | -                         | -                     | -                                | -                                       |
| -                     | 353,881                   | 11,619                | -                                | -                                       |
| 433,529               | 741                       | 197,478               | 95,635                           | 5,186                                   |
| -                     | -                         | -                     | -                                | -                                       |
| <u>433,529</u>        | <u>354,622</u>            | <u>209,097</u>        | <u>95,635</u>                    | <u>5,186</u>                            |
| <u>\$ 484,588</u>     | <u>\$ 365,739</u>         | <u>\$ 281,153</u>     | <u>\$ 142,996</u>                | <u>\$ 15,507</u>                        |

continued on next page

**State of Indiana**  
**Combining Balance Sheet**  
**Non-Major Special Revenue Funds**  
**June 30, 2014**  
(amounts expressed in thousands)

|  | <b>TOBACCO<br/>SETTLEMENT<br/>FUND</b> | <b>COMMON<br/>SCHOOL FUND</b> | <b>US<br/>DEPARTMENT<br/>OF<br/>AGRICULTURE</b> | <b>US<br/>DEPARTMENT<br/>OF LABOR</b> |
|--|--|-------------------------------|---|---------------------------------------|
| <b>ASSETS</b>  |  |                               |   |                                       |
| Cash, cash equivalents and investments-unrestricted                      | \$ 45,144                              | \$ 195,005                    | \$ 22,885                                       | \$ -                                  |
| Taxes (net of allowance for uncollectible accounts)                      | -                                      | -                             | -   | -                                     |
| Accounts   | 24,803                                 | -                             | -   | 82                                    |
| Grants   | -                                      | -                             | 8,045   | 6,148                                 |
| Interest   | -                                      | -                             | -   | -                                     |
| Interfund loans  | -                                      | -                             | -   | -                                     |
| Due from component unit  | -                                      | -                             | -   | -                                     |
| Prepaid expenditures   | -                                      | -                             | -   | -                                     |
| Loans  | -                                      | 372,848                       | -   | -                                     |
| Other  | -                                      | 2                             | -   | -                                     |
| Total assets   | <u>69,947</u>                          | <u>567,855</u>                | <u>30,930</u>                                   | <u>6,230</u>                          |
| <b>Total assets and deferred outflow of resources</b>                    | <u>\$ 69,947</u>                       | <u>\$ 567,855</u>             | <u>\$ 30,930</u>                                | <u>\$ 6,230</u>                       |
| <b>LIABILITIES</b>   |  |                               |   |                                       |
| Accounts payable   | \$ 3,658                               | \$ -                          | \$ 4,785  | \$ 2,004                              |
| Salaries and benefits payable  | 34                                     | -                             | 333   | 3,326                                 |
| Interfund loans  | -                                      | -                             | -   | 2,225                                 |
| Interfunds services used   | 3                                      | -                             | 29  | 735                                   |
| Intergovernmental payable  | -                                      | -                             | 17,080  | -                                     |
| Tax refunds payable  | -                                      | -                             | -   | -                                     |
| Accrued liability for compensated absences-current                       | 3                                      | -                             | 31  | 270                                   |
| Other payables   | -                                      | 2                             | -   | -                                     |
| Total liabilities  | <u>3,698</u>                           | <u>2</u>                      | <u>22,258</u>                                   | <u>8,560</u>                          |
| <b>DEFERRED INFLOW OF RESOURCES</b>                                      |  |                               |   |                                       |
| Unavailable revenue  | -                                      | -                             | -   | -                                     |
| Total deferred inflow of resources                                       | <u>-</u>                               | <u>-</u>                      | <u>-</u>  | <u>-</u>                              |
| <b>FUND BALANCE</b>  |  |                               |   |                                       |
| Nonspendable:  | -                                      | -                             | -   | -                                     |
| Committed:   | -                                      | 567,853                       | -   | -                                     |
| Assigned:  | 66,249                                 | -                             | 8,672   | -                                     |
| Unassigned:  | -                                      | -                             | -   | (2,330)                               |
| Total fund balance   | <u>66,249</u>                          | <u>567,853</u>                | <u>8,672</u>                                    | <u>(2,330)</u>                        |
| <b>Total liabilities, deferred inflow of resources, and fund balance</b> | <u>\$ 69,947</u>                       | <u>\$ 567,855</u>             | <u>\$ 30,930</u>                                | <u>\$ 6,230</u>                       |

| US DEPARTMENT<br>OF<br>TRANSPORTATION | US<br>DEPARTMENT<br>OF EDUCATION | US<br>DEPARTMENT<br>OF HEALTH &<br>HUMAN<br>SERVICES | OTHER NON-<br>MAJOR SPECIAL<br>REVENUE<br>FUNDS | TOTAL               |
|---------------------------------------|----------------------------------|--|---|---------------------|
| \$ 119,267                            | \$ 49,640                        | \$ -   | \$ 957,703                                      | \$ 2,692,695        |
| -                                     | -                                | -  | 62,760  | 127,419             |
| -                                     | -                                | -  | 11,402  | 61,697              |
| 159,210                               | 28,446                           | 62,303   | 43,137  | 315,783             |
| -                                     | -                                | -  | 21  | 36                  |
| -                                     | -                                | -  | -   | 8,000               |
| -                                     | -                                | -  | -   | 28,732              |
| 608                                   | -                                | -  | -   | 608                 |
| -                                     | -                                | -  | 2,371   | 388,618             |
| -                                     | -                                | -  | 2   | 2,223               |
| <u>279,085</u>                        | <u>78,086</u>                    | <u>62,303</u>  | <u>1,077,396</u>                                | <u>3,625,811</u>    |
| <u>\$ 279,085</u>                     | <u>\$ 78,086</u>                 | <u>\$ 62,303</u>                                     | <u>\$ 1,077,396</u>                             | <u>\$ 3,625,811</u> |
| \$ 135,875                            | \$ 13,671                        | \$ 86,723  | \$ 55,207                                       | \$ 445,835          |
| 71                                    | 2,290                            | 13,239   | 12,838  | 47,836              |
| -                                     | -                                | 116,142  | -   | 126,367             |
| 29                                    | 107                              | 1,108  | 910   | 3,644               |
| -                                     | 78,277                           | -  | 1,941   | 140,298             |
| -                                     | -                                | -  | -   | 1,907               |
| 1                                     | 206                              | 934  | 1,075   | 3,927               |
| -                                     | -                                | -  | 14  | 155                 |
| <u>135,976</u>                        | <u>94,551</u>                    | <u>218,146</u>                                       | <u>71,985</u>                                   | <u>769,969</u>      |
| -                                     | -                                | -  | 3,503   | 31,399              |
| -                                     | -                                | -  | 3,503   | 31,399              |
| 608                                   | -                                | -  | -   | 608                 |
| -                                     | -                                | -  | 118,166   | 1,061,720           |
| 142,501                               | -                                | -  | 883,742   | 1,936,753           |
| -                                     | (16,465)                         | (155,843)  | -   | (174,638)           |
| <u>143,109</u>                        | <u>(16,465)</u>                  | <u>(155,843)</u>                                     | <u>1,001,908</u>                                | <u>2,824,443</u>    |
| <u>\$ 279,085</u>                     | <u>\$ 78,086</u>                 | <u>\$ 62,303</u>                                     | <u>\$ 1,077,396</u>                             | <u>\$ 3,625,811</u> |

**State of Indiana**  
**Combining Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**Non-Major Special Revenue Funds**  
**For the Year Ended June 30, 2014**  
(amounts expressed in thousands)

|   | STATE GAMING<br>FUND | MOTOR<br>VEHICLE<br>HIGHWAY | MOTOR<br>VEHICLE<br>COMMISSION | BUILD INDIANA<br>FUND |
|---|----------------------|-----------------------------|--------------------------------|-----------------------|
| <b>Revenues:</b>  |                      |                             |                                |                       |
| Taxes:  |                      |                             |                                |                       |
| Sales   | -                    | 76,294                      | -                              | -                     |
| Fuels   | -                    | 393,859                     | -                              | -                     |
| Gaming  | 595,277              | -                           | -                              | -                     |
| Unemployment  | -                    | -                           | -                              | -                     |
| Alcohol and tobacco                                       | -                    | -                           | -                              | -                     |
| Insurance   | -                    | -                           | -                              | -                     |
| Financial Institutions                                    | -                    | -                           | -                              | -                     |
| Other   | -                    | -                           | -                              | -                     |
| Total taxes   | 595,277              | 470,153                     | -                              | -                     |
| Current service charges                                   | 1,446                | 257,620                     | 88,533                         | 191,667               |
| Investment income   | -                    | -                           | -                              | -                     |
| Sales/rents   | -                    | 348                         | -                              | -                     |
| Grants  | 4                    | -                           | 14                             | -                     |
| Other   | -                    | -                           | -                              | -                     |
| Total revenues  | 596,727              | 728,121                     | 88,547                         | 191,667               |
| <b>Expenditures:</b>                                      |                      |                             |                                |                       |
| Current:  |                      |                             |                                |                       |
| General government  | 123,342              | -                           | -                              | -                     |
| Public safety   | -                    | -                           | 97,789                         | -                     |
| Health  | -                    | -                           | -                              | -                     |
| Welfare   | -                    | -                           | -                              | -                     |
| Conservation, culture and development                     | -                    | -                           | -                              | 530                   |
| Education   | -                    | -                           | -                              | 2,688                 |
| Transportation  | -                    | 378,043                     | -                              | 473                   |
| Total expenditures  | 123,342              | 378,043                     | 97,789                         | 3,691                 |
| Excess (deficiency) of revenues over (under) expenditures | 473,385              | 350,078                     | (9,242)                        | 187,976               |
| <b>Other financing sources (uses):</b>                    |                      |                             |                                |                       |
| Transfers in  | 601                  | 35,345                      | 4,000                          | 83,830                |
| Transfers (out)   | (474,058)            | (387,559)                   | -                              | (245,171)             |
| Proceeds from capital lease                               | -                    | -                           | -                              | -                     |
| Total other financing sources (uses)                      | (473,457)            | (352,214)                   | 4,000                          | (161,341)             |
| <b>Net change in fund balances</b>                        | (72)                 | (2,136)                     | (5,242)                        | 26,635                |
| <b>Fund Balance July 1, as restated</b>                   | 13,773               | 59,959                      | 11,699                         | 8,605                 |
| <b>Fund Balance June 30</b>                               | <u>\$ 13,701</u>     | <u>\$ 57,823</u>            | <u>\$ 6,457</u>                | <u>\$ 35,240</u>      |

| STATE<br>HIGHWAY FUND | INDIANA CHECK-<br>UP PLAN | FUND 6000<br>PROGRAMS | PATIENTS<br>COMPENSATION<br>FUND | ROAD &<br>STREET,<br>PRIMARY<br>HIGHWAY |
|-----------------------|---------------------------|-----------------------|----------------------------------|---|
| -                     | -                         | 2,032                 | -                                | -                                       |
| 29,431                | -                         | 232                   | -                                | 195,678                                 |
| -                     | -                         | 368                   | -                                | -                                       |
| -                     | -                         | 38                    | -                                | -                                       |
| -                     | 118,511                   | -                     | -                                | -                                       |
| -                     | -                         | -                     | -                                | -                                       |
| -                     | -                         | 92,862                | -                                | -                                       |
| -                     | -                         | 12,314                | -                                | -                                       |
| 29,431                | 118,511                   | 107,846               | -                                | 195,678                                 |
| 26,939                | -                         | 92,306                | 118,761                          | 17,639                                  |
| 233                   | -                         | 89                    | 135                              | -                                       |
| 1,720                 | -                         | 7,768                 | -                                | -                                       |
| 668                   | -                         | 13,752                | -                                | -                                       |
| 63,636                | -                         | 9,344                 | -                                | -                                       |
| 122,627               | 118,511                   | 231,105               | 118,896                          | 213,317                                 |
| -                     | -                         | 98,061                | -                                | -                                       |
| -                     | -                         | 28,322                | 115,245                          | -                                       |
| -                     | 80,167                    | 679                   | -                                | -                                       |
| -                     | -                         | 1,019                 | -                                | -                                       |
| -                     | -                         | 13,556                | -                                | -                                       |
| -                     | -                         | 8,011                 | -                                | -                                       |
| 622,311               | -                         | 1,903                 | -                                | 74,412                                  |
| 622,311               | 80,167                    | 151,551               | 115,245                          | 74,412                                  |
| (499,684)             | 38,344                    | 79,554                | 3,651                            | 138,905                                 |
| 851,534               | -                         | 19,186                | -                                | -                                       |
| (286,742)             | (12)                      | (139,445)             | (12)                             | (133,463)                               |
| 3,468                 | -                         | 104                   | -                                | -                                       |
| 568,260               | (12)                      | (120,155)             | (12)                             | (133,463)                               |
| 68,576                | 38,332                    | (40,601)              | 3,639                            | 5,442                                   |
| 364,953               | 316,290                   | 249,698               | 91,996                           | (256)                                   |
| <b>\$ 433,529</b>     | <b>\$ 354,622</b>         | <b>\$ 209,097</b>     | <b>\$ 95,635</b>                 | <b>\$ 5,186</b>                         |

continued on next page

**State of Indiana**  
**Combining Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**Non-Major Special Revenue Funds**  
**For the Year Ended June 30, 2014**  
(amounts expressed in thousands)

|   | TOBACCO<br>SETTLEMENT<br>FUND | COMMON<br>SCHOOL FUND | US<br>DEPARTMENT<br>OF<br>AGRICULTURE | US<br>DEPARTMENT<br>OF LABOR |
|---|-------------------------------|-----------------------|---------------------------------------|------------------------------|
| <b>Revenues:</b>                                  |                               |                       |                                       |                              |
| Taxes:  |                               |                       |                                       |                              |
| Sales   | -                             | -                     | -                                     | -                            |
| Fuels   | -                             | -                     | -                                     | -                            |
| Gaming  | -                             | -                     | -                                     | -                            |
| Unemployment                                      | -                             | -                     | -                                     | -                            |
| Alcohol and tobacco                               | -                             | -                     | -                                     | -                            |
| Insurance   | -                             | -                     | -                                     | -                            |
| Financial Institutions                            | -                             | -                     | -                                     | -                            |
| Other   | -                             | -                     | -                                     | -                            |
| Total taxes                                       | -                             | -                     | -                                     | -                            |
| Current service charges                           | 95,190                        | 4,732                 | 372                                   | 690                          |
| Investment income                                 | 10                            | 47                    | -                                     | -                            |
| Sales/rents                                       | -                             | -                     | -                                     | -                            |
| Grants  | -                             | -                     | 1,879,098                             | 135,011                      |
| Other   | -                             | 148                   | -                                     | -                            |
| Total revenues                                    | 95,200                        | 4,927                 | 1,879,470                             | 135,701                      |
| <b>Expenditures:</b>                              |                               |                       |                                       |                              |
| Current:  |                               |                       |                                       |                              |
| General government                                | -                             | 54                    | 432                                   | -                            |
| Public safety                                     | -                             | -                     | 4,050                                 | 5,317                        |
| Health  | 34,057                        | -                     | 97,173                                | -                            |
| Welfare   | -                             | -                     | 1,454,285                             | 2,177                        |
| Conservation, culture and development             | -                             | -                     | 2,340                                 | 132,761                      |
| Education   | -                             | -                     | 387,789                               | -                            |
| Transportation                                    | -                             | -                     | -                                     | -                            |
| Total expenditures                                | 34,057                        | 54                    | 1,946,069                             | 140,255                      |
| Excess (deficiency) of revenues over expenditures | 61,143                        | 4,873                 | (66,599)                              | (4,554)                      |
| <b>Other financing sources (uses):</b>            |                               |                       |                                       |                              |
| Transfers in                                      | -                             | -                     | 60,704                                | 2,692                        |
| Transfers (out)                                   | (90,400)                      | -                     | (288)                                 | (1,743)                      |
| Proceeds from capital lease                       | -                             | -                     | -                                     | -                            |
| Total other financing sources (uses)              | (90,400)                      | -                     | 60,416                                | 949                          |
| <b>Net change in fund balances</b>                | (29,257)                      | 4,873                 | (6,183)                               | (3,605)                      |
| <b>Fund Balance July 1, as restated</b>           | 95,506                        | 562,980               | 14,855                                | 1,275                        |
| <b>Fund Balance June 30</b>                       | <u>\$ 66,249</u>              | <u>\$ 567,853</u>     | <u>\$ 8,672</u>                       | <u>\$ (2,330)</u>            |



| US DEPARTMENT<br>OF<br>TRANSPORTATION | US<br>DEPARTMENT<br>OF EDUCATION | US<br>DEPARTMENT<br>OF HEALTH &<br>HUMAN<br>SERVICES | OTHER NON-<br>MAJOR SPECIAL<br>REVENUE<br>FUNDS | Total               |
|---------------------------------------|----------------------------------|--|---|---------------------|
| -                                     | -                                | -  | 8,619   | 86,945              |
| -                                     | -                                | -  | 156,600   | 775,800             |
| -                                     | -                                | -  | 25,425  | 621,070             |
| -                                     | -                                | -  | 876   | 914                 |
| -                                     | -                                | -  | 35,963  | 154,474             |
| -                                     | -                                | -  | 4,588   | 4,588               |
| -                                     | -                                | -  | -   | 92,862              |
| -                                     | -                                | -  | 3,919   | 16,233              |
| -                                     | -                                | -  | 235,990   | 1,752,886           |
| -                                     | 3                                | 723  | 281,354   | 1,177,975           |
| -                                     | -                                | -  | 394   | 908                 |
| -                                     | -                                | -  | 11,630  | 21,466              |
| 1,068,906                             | 757,545                          | 1,102,287  | 405,313   | 5,362,598           |
| 1,093                                 | -                                | -  | 826   | 75,047              |
| 1,069,999                             | 757,548                          | 1,103,010  | 935,507   | 8,390,880           |
| 1,168                                 | 681                              | 14,602   | 138,268   | 376,608             |
| 17,237                                | 1,343                            | 9,512  | 259,676   | 538,491             |
| 75                                    | -                                | 88,704   | 8,520   | 309,375             |
| -                                     | 81,037                           | 1,402,601  | 174,001   | 3,115,120           |
| 3,141                                 | 29,866                           | -  | 268,459   | 450,653             |
| -                                     | 641,197                          | 9,017  | 286,561   | 1,335,263           |
| 1,155,622                             | -                                | -  | 161,165   | 2,393,929           |
| 1,177,243                             | 754,124                          | 1,524,436  | 1,296,650                                       | 8,519,439           |
| (107,244)                             | 3,424                            | (421,426)  | (361,143)                                       | (128,559)           |
| 282,042                               | 36,795                           | 435,024  | 733,773   | 2,545,526           |
| (4,765)                               | (853)                            | (84,155)   | (176,227)                                       | (2,024,893)         |
| -                                     | -                                | -  | -   | 3,572               |
| 277,277                               | 35,942                           | 350,869  | 557,546   | 524,205             |
| 170,033                               | 39,366                           | (70,557)   | 196,403   | 395,646             |
| (26,924)                              | (55,831)                         | (85,286)   | 805,505   | 2,428,797           |
| <b>\$ 143,109</b>                     | <b>\$ (16,465)</b>               | <b>\$ (155,843)</b>                                  | <b>\$ 1,001,908</b>                             | <b>\$ 2,824,443</b> |

**State of Indiana**  
**Combining Balance Sheet**  
**Non-Major Capital Project Funds**  
**June 30, 2014**  
(amounts expressed in thousands)

|  | <b>State Police<br/>Building<br/>Commission</b> | <b>Post War<br/>Construction</b> | <b>Other Non-Major<br/>Capital Projects<br/>Funds</b> | <b>Total</b>     |
|--|---|----------------------------------|---|------------------|
| <b>ASSETS</b>  |   |                                  |   |                  |
| Cash, cash equivalents and investments-unrestricted                      | \$ 4,357  | \$ 33,837                        | \$ 10,552   | \$ 48,746        |
| Taxes (net of allowance for uncollectible accounts)                      | -   | 1,858                            | -   | 1,858            |
| Accounts   | 82  | -                                | -   | 82               |
| Prepaid expenditures   | -   | 72                               | -   | 72               |
| Total assets   | <u>4,439</u>                                    | <u>35,767</u>                    | <u>10,552</u>   | <u>50,758</u>    |
| <b>Total assets and deferred outflow of resources</b>                    | <u>\$ 4,439</u>                                 | <u>\$ 35,767</u>                 | <u>\$ 10,552</u>                                      | <u>\$ 50,758</u> |
| <b>LIABILITIES</b>   |   |                                  |   |                  |
| Accounts payable   | \$ 104  | \$ 1,723                         | \$ 429  | \$ 2,256         |
| Interfund loans  | -   | -                                | 709   | 709              |
| Total liabilities  | <u>104</u>                                      | <u>1,723</u>                     | <u>1,138</u>  | <u>2,965</u>     |
| <b>DEFERRED INFLOW OF RESOURCES</b>                                      |   |                                  |   |                  |
| Unavailable revenue  | -   | 4                                | -   | 4                |
| Total deferred inflow of resources                                       | <u>-</u>  | <u>4</u>                         | <u>-</u>  | <u>4</u>         |
| <b>FUND BALANCE</b>  |   |                                  |   |                  |
| Nonspendable:  | -   | 72                               | -   | 72               |
| Assigned:  | 4,335   | 33,968                           | 10,123  | 48,426           |
| Unassigned:  | -   | -                                | (709)   | (709)            |
| Total fund balance   | <u>4,335</u>                                    | <u>34,040</u>                    | <u>9,414</u>  | <u>47,789</u>    |
| <b>Total liabilities, deferred inflow of resources, and fund balance</b> | <u>\$ 4,439</u>                                 | <u>\$ 35,767</u>                 | <u>\$ 10,552</u>                                      | <u>\$ 50,758</u> |

**State of Indiana**  
**Combining Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**Non-Major Capital Projects Funds**  
**For the Year Ended June 30, 2014**  
(amounts expressed in thousands)

|   | <b>State Police<br/>Building<br/>Commission</b> | <b>Post War<br/>Construction</b> | <b>Other Non-Major<br/>Capital Projects<br/>Funds</b> | <b>Total</b>     |
|---|---|----------------------------------|---|------------------|
| <b>Revenues:</b>  |   |                                  |   |                  |
| Taxes:  |   |                                  |   |                  |
| Alcohol and tobacco                                       | \$ -  | \$ 19,113                        | \$ -  | \$ 19,113        |
| Total taxes   | -   | 19,113                           | -   | 19,113           |
| Current service charges                                   | 1,798   | -                                | 672   | 2,470            |
| Grants  | -   | -                                | 1,709   | 1,709            |
| Total revenues  | 1,798   | 19,113                           | 2,381   | 23,292           |
| <b>Expenditures:</b>                                      |   |                                  |   |                  |
| Capital outlay  | 1,382   | 14,248                           | 1,369   | 16,999           |
| Total expenditures  | 1,382   | 14,248                           | 1,369   | 16,999           |
| Excess (deficiency) of revenues over (under) expenditures | 416   | 4,865                            | 1,012   | 6,293            |
| <b>Other financing sources (uses):</b>                    |   |                                  |   |                  |
| Transfers in  | -   | -                                | 475   | 475              |
| Transfers (out)   | -   | -                                | (829)   | (829)            |
| Total other financing sources (uses)                      | -   | -                                | (354)   | (354)            |
| <b>Net change in fund balances</b>                        | 416   | 4,865                            | 658   | 5,939            |
| <b>Fund Balance July 1, as restated</b>                   | 3,919   | 29,175                           | 8,756   | 41,850           |
| <b>Fund Balance June 30</b>                               | <b>\$ 4,335</b>                                 | <b>\$ 34,040</b>                 | <b>\$ 9,414</b>                                       | <b>\$ 47,789</b> |

**State of Indiana**  
**Combining Balance Sheet**  
**Non-Major Permanent Funds**  
**June 30, 2014**  
(amounts expressed in thousands)

|  | <u>Next Generation<br/>Trust Fund</u> | <u>Other Non-Major<br/>Permanent Funds</u> | <u>Total</u>      |
|--|---------------------------------------|--|-------------------|
| <b>ASSETS</b>  |                                       |  |                   |
| Cash, cash equivalents and investments-<br>unrestricted                      | \$ 571,571                            | \$ 21,175                                  | \$ 592,746        |
| Other  | 5                                     | -  | 5                 |
| Total assets   | <u>571,576</u>                        | <u>21,175</u>                              | <u>592,751</u>    |
| <b>Total assets and deferred outflow of<br/>resources</b>                    | <u>\$ 571,576</u>                     | <u>\$ 21,175</u>                           | <u>\$ 592,751</u> |
| <b>LIABILITIES</b>   |                                       |  |                   |
| Other payables   | \$ 5                                  | \$ -                                       | \$ 5              |
| Total liabilities  | <u>5</u>                              | <u>-</u>                                   | <u>5</u>          |
| <b>FUND BALANCE</b>  |                                       |  |                   |
| Nonspendable:  | 500,000                               | 21,028                                     | 521,028           |
| Committed:   | <u>71,571</u>                         | <u>147</u>                                 | <u>71,718</u>     |
| Total fund balance   | <u>571,571</u>                        | <u>21,175</u>                              | <u>592,746</u>    |
| <b>Total liabilities, deferred inflow of<br/>resources, and fund balance</b> | <u>\$ 571,576</u>                     | <u>\$ 21,175</u>                           | <u>\$ 592,751</u> |

**State of Indiana**  
**Combining Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**Non-Major Permanent Funds**  
**For the Year Ended June 30, 2014**  
(amounts expressed in thousands)

|   | <b>Next Generation<br/>Trust Fund</b> | <b>Other Non-Major<br/>Permanent<br/>Funds</b> | <b>Total</b>      |
|---|---------------------------------------|--|-------------------|
| <b>Revenues:</b>  |                                       |  |                   |
| Investment income   | \$ 14,838                             | \$ 42  | \$ 14,880         |
| Total revenues  | 14,838                                | 42   | 14,880            |
| <b>Expenditures:</b>                                      |                                       |  |                   |
| Current:  |                                       |  |                   |
| General government  | -                                     | 4  | 4                 |
| Transportation  | 100                                   | -  | 100               |
| Total expenditures  | 100                                   | 4  | 104               |
| Excess (deficiency) of revenues over (under) expenditures | 14,738                                | 38   | 14,776            |
| <b>Net change in fund balances</b>                        | 14,738                                | 38   | 14,776            |
| <b>Fund Balance July 1, as restated</b>                   | 556,833                               | 21,137   | 577,970           |
| <b>Fund Balance June 30</b>                               | <b>\$ 571,571</b>                     | <b>\$ 21,175</b>                               | <b>\$ 592,746</b> |

**State of Indiana**  
**Combining Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**(Budgetary Basis)**  
**For the Year Ended June 30, 2014**  
(amounts expressed in thousands)

|  | State Gaming Fund |                     |                 |                             |
|--|-------------------|---------------------|-----------------|-----------------------------|
|  | Budget            |                     | Actual          | Variance to<br>Final Budget |
|  | Original          | Final               |                 |                             |
| <b>Revenues:</b>                             |                   |                     |                 |                             |
| Taxes:                                       |                   |                     |                 |                             |
| Income                                       | \$ -              | \$ -                | \$ -            | \$ -                        |
| Sales  | -                 | -                   | -               | -                           |
| Fuels  | -                 | -                   | -               | -                           |
| Gaming                                       | 685,583           | 685,583             | 596,161         | (89,422)                    |
| Unemployment                                 | -                 | -                   | -               | -                           |
| Alcohol and tobacco                          | -                 | -                   | -               | -                           |
| Insurance                                    | -                 | -                   | -               | -                           |
| Financial institutions                       | -                 | -                   | -               | -                           |
| Other  | -                 | -                   | -               | -                           |
| Total taxes                                  | 685,583           | 685,583             | 596,161         | (89,422)                    |
| Current service charges                      | 2,077             | 2,077               | 1,446           | (631)                       |
| Investment income                            | -                 | -                   | -               | -                           |
| Sales/rents                                  | -                 | -                   | -               | -                           |
| Grants                                       | -                 | -                   | 4               | 4                           |
| Other  | -                 | -                   | -               | -                           |
| Total revenues                               | 687,660           | 687,660             | 597,611         | (90,049)                    |
| <b>Expenditures:</b>                         |                   |                     |                 |                             |
| Current:                                     |                   |                     |                 |                             |
| General government                           | 2,812             | 634,049             | 123,394         | 510,655                     |
| Public safety                                | -                 | -                   | -               | -                           |
| Health                                       | -                 | -                   | -               | -                           |
| Welfare                                      | -                 | -                   | -               | -                           |
| Conservation, culture and development        | -                 | -                   | -               | -                           |
| Education                                    | -                 | -                   | -               | -                           |
| Transportation                               | -                 | -                   | -               | -                           |
| Total expenditures                           | 2,812             | 634,049             | 123,394         | 510,655                     |
| Excess of revenues over (under) expenditures | 684,848           | 53,611              | 474,217         | (420,606)                   |
| <b>Other financing sources (uses):</b>       |                   |                     |                 |                             |
| Total other financing sources (uses)         | (473,457)         | (473,457)           | (473,457)       | -                           |
| <b>Net change in fund balances</b>           | <u>\$ 211,391</u> | <u>\$ (419,846)</u> | 760             | <u>\$ 420,606</u>           |
| <b>Fund balances July 1, as restated</b>     |                   |                     | 2,317           |                             |
| <b>Fund balances June 30</b>                 |                   |                     | <u>\$ 3,077</u> |                             |

| Motor Vehicle Highway Fund |              |                  |                             | Motor Vehicle Commission |           |                 |                             |
|----------------------------|--------------|------------------|-----------------------------|--------------------------|-----------|-----------------|-----------------------------|
| Budget                     |              | Actual           | Variance to<br>Final Budget | Budget                   |           | Actual          | Variance to<br>Final Budget |
| Original                   | Final        |                  |                             | Original                 | Final     |                 |                             |
| \$ -                       | \$ -         | \$ -             | \$ -                        | \$ -                     | \$ -      | \$ -            | \$ -                        |
| -                          | -            | 70,058           | 70,058                      | -                        | -         | -               | -                           |
| 385,183                    | 385,183      | 389,752          | 4,569                       | -                        | -         | -               | -                           |
| -                          | -            | -                | -                           | -                        | -         | -               | -                           |
| -                          | -            | -                | -                           | -                        | -         | -               | -                           |
| -                          | -            | -                | -                           | -                        | -         | -               | -                           |
| -                          | -            | -                | -                           | -                        | -         | -               | -                           |
| -                          | -            | -                | -                           | -                        | -         | -               | -                           |
| 385,183                    | 385,183      | 459,810          | 74,627                      | -                        | -         | -               | -                           |
| 272,455                    | 272,455      | 260,032          | (12,423)                    | 106,932                  | 106,932   | 87,515          | (19,417)                    |
| -                          | -            | -                | -                           | -                        | -         | -               | -                           |
| 106                        | 106          | 348              | 242                         | -                        | -         | -               | -                           |
| -                          | -            | -                | -                           | -                        | -         | 14              | 14                          |
| 1                          | 1            | -                | (1)                         | -                        | -         | -               | -                           |
| 657,745                    | 657,745      | 720,190          | 62,445                      | 106,932                  | 106,932   | 87,529          | (19,403)                    |
| 8                          | 223          | 223              | -                           | -                        | -         | -               | -                           |
| 35                         | 307          | 200              | 107                         | 113,559                  | 97,260    | 97,765          | (505)                       |
| -                          | -            | -                | -                           | -                        | -         | -               | -                           |
| -                          | -            | -                | -                           | -                        | -         | -               | -                           |
| -                          | -            | -                | -                           | -                        | -         | -               | -                           |
| 4                          | 8            | 9                | (1)                         | -                        | -         | -               | -                           |
| 267,828                    | 757,620      | 369,643          | 387,977                     | -                        | -         | -               | -                           |
| 267,875                    | 758,158      | 370,075          | 388,083                     | 113,559                  | 97,260    | 97,765          | (505)                       |
| 389,870                    | (100,413)    | 350,115          | (450,528)                   | (6,627)                  | 9,672     | (10,236)        | 19,908                      |
| (352,214)                  | (352,214)    | (352,214)        | -                           | 4,000                    | 4,000     | 4,000           | -                           |
| \$ 37,656                  | \$ (452,627) | (2,099)          | \$ 450,528                  | \$ (2,627)               | \$ 13,672 | (6,236)         | \$ (19,908)                 |
|                            |              | 81,523           |                             |                          |           | 11,536          |                             |
|                            |              | <u>\$ 79,424</u> |                             |                          |           | <u>\$ 5,300</u> |                             |

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**State of Indiana**  
**Combining Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**(Budgetary Basis)**  
**For the Year Ended June 30, 2014**  
(amounts expressed in thousands)

|  | Build Indiana Fund |                     |                        |                             |
|--|--------------------|---------------------|------------------------|-----------------------------|
|  | Budget             |                     | Actual                 | Variance to<br>Final Budget |
|  | Original           | Final               |                        |                             |
| <b>Revenues:</b>                             |                    |                     |                        |                             |
| Taxes:                                       |                    |                     |                        |                             |
| Income                                       | \$ -               | \$ -                | \$ -                   | \$ -                        |
| Sales  | -                  | -                   | -                      | -                           |
| Fuels  | -                  | -                   | -                      | -                           |
| Gaming                                       | -                  | -                   | -                      | -                           |
| Unemployment                                 | -                  | -                   | -                      | -                           |
| Alcohol and tobacco                          | -                  | -                   | -                      | -                           |
| Insurance                                    | -                  | -                   | -                      | -                           |
| Financial institutions                       | -                  | -                   | -                      | -                           |
| Other  | -                  | -                   | -                      | -                           |
| Total taxes                                  | -                  | -                   | -                      | -                           |
| Current service charges                      | 164,519            | 164,519             | 166,324                | 1,805                       |
| Investment income                            | -                  | -                   | -                      | -                           |
| Sales/rents                                  | -                  | -                   | -                      | -                           |
| Grants                                       | -                  | -                   | -                      | -                           |
| Other  | -                  | -                   | -                      | -                           |
| Total revenues                               | 164,519            | 164,519             | 166,324                | 1,805                       |
| <b>Expenditures:</b>                         |                    |                     |                        |                             |
| Current:                                     |                    |                     |                        |                             |
| General government                           | 7,087              | 237,420             | -                      | 237,420                     |
| Public safety                                | -                  | -                   | -                      | -                           |
| Health                                       | -                  | -                   | -                      | -                           |
| Welfare                                      | -                  | -                   | -                      | -                           |
| Conservation, culture and development        | -                  | 530                 | 530                    | -                           |
| Education                                    | 6,371              | 2,792               | 2,501                  | 291                         |
| Transportation                               | 466                | 2,062               | 247                    | 1,815                       |
| Total expenditures                           | 13,924             | 242,804             | 3,278                  | 239,526                     |
| Excess of revenues over (under) expenditures | 150,595            | (78,285)            | 163,046                | (241,331)                   |
| <b>Other financing sources (uses):</b>       |                    |                     |                        |                             |
| Total other financing sources (uses)         | (161,341)          | (161,341)           | (161,341)              | -                           |
| <b>Net change in fund balances</b>           | <u>\$ (10,746)</u> | <u>\$ (239,626)</u> | 1,705                  | <u>\$ 241,331</u>           |
| <b>Fund balances July 1, as restated</b>     |                    |                     | 5,241                  |                             |
| <b>Fund balances June 30</b>                 |                    |                     | <u><u>\$ 6,946</u></u> |                             |



| State Highway Fund |              |                   |                             | Indiana Check-Up Plan |              |                   |                             |
|--------------------|--------------|-------------------|-----------------------------|-----------------------|--------------|-------------------|-----------------------------|
| Budget             |              | Actual            | Variance to<br>Final Budget | Budget                |              | Actual            | Variance to<br>Final Budget |
| Original           | Final        |                   |                             | Original              | Final        |                   |                             |
| \$ -               | \$ -         | \$ -              | \$ -                        | \$ -                  | \$ -         | \$ -              | \$ -                        |
| -                  | -            | -                 | -                           | -                     | -            | -                 | -                           |
| 29,479             | 29,479       | 29,356            | (123)                       | -                     | -            | -                 | -                           |
| -                  | -            | -                 | -                           | -                     | -            | -                 | -                           |
| -                  | -            | -                 | -                           | -                     | -            | -                 | -                           |
| -                  | -            | -                 | -                           | 122,891               | 122,891      | 118,693           | (4,198)                     |
| -                  | -            | -                 | -                           | -                     | -            | -                 | -                           |
| -                  | -            | -                 | -                           | -                     | -            | -                 | -                           |
| -                  | -            | -                 | -                           | -                     | -            | -                 | -                           |
| 29,479             | 29,479       | 29,356            | (123)                       | 122,891               | 122,891      | 118,693           | (4,198)                     |
| 33,815             | 33,815       | 26,400            | (7,415)                     | -                     | -            | -                 | -                           |
| 81                 | 81           | 311               | 230                         | -                     | -            | -                 | -                           |
| 1,856              | 1,856        | 1,720             | (136)                       | -                     | -            | -                 | -                           |
| 2,230              | 2,230        | 634               | (1,596)                     | -                     | -            | -                 | -                           |
| 43,796             | 43,796       | 63,636            | 19,840                      | -                     | -            | -                 | -                           |
| 111,257            | 111,257      | 122,057           | 10,800                      | 122,891               | 122,891      | 118,693           | (4,198)                     |
| -                  | -            | -                 | -                           | -                     | -            | -                 | -                           |
| -                  | -            | -                 | -                           | -                     | -            | -                 | -                           |
| -                  | -            | -                 | -                           | 2,328                 | 431,488      | 90,344            | 341,144                     |
| -                  | -            | -                 | -                           | -                     | -            | -                 | -                           |
| -                  | -            | -                 | -                           | -                     | -            | -                 | -                           |
| -                  | -            | -                 | -                           | -                     | -            | -                 | -                           |
| 799,526            | 1,056,345    | 624,466           | 431,879                     | -                     | -            | -                 | -                           |
| 799,526            | 1,056,345    | 624,466           | 431,879                     | 2,328                 | 431,488      | 90,344            | 341,144                     |
| (688,269)          | (945,088)    | (502,409)         | (442,679)                   | 120,563               | (308,597)    | 28,349            | (336,946)                   |
| 564,792            | 564,792      | 564,792           | -                           | (12)                  | (12)         | (12)              | -                           |
| \$ (123,477)       | \$ (380,296) | 62,383            | \$ 442,679                  | \$ 120,551            | \$ (308,609) | 28,337            | \$ 336,946                  |
|                    |              | 390,914           |                             |                       |              | 316,351           |                             |
|                    |              | <u>\$ 453,297</u> |                             |                       |              | <u>\$ 344,688</u> |                             |

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**State of Indiana**  
**Combining Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**(Budgetary Basis)**  
**For the Year Ended June 30, 2014**  
(amounts expressed in thousands)

|  | Fund 6000 Programs |                     |                          |                             |
|--|--------------------|---------------------|--------------------------|-----------------------------|
|  | Budget             |                     | Actual                   | Variance to<br>Final Budget |
|  | Original           | Final               |                          |                             |
| <b>Revenues:</b>                             |                    |                     |                          |                             |
| Taxes:                                       |                    |                     |                          |                             |
| Income                                       | \$ -               | \$ -                | \$ -                     | \$ -                        |
| Sales  | 1,984              | 1,984               | 2,031                    | 47                          |
| Fuels  | -                  | -                   | 57                       | 57                          |
| Gaming                                       | 386                | 386                 | 371                      | (15)                        |
| Unemployment                                 | 57                 | 57                  | 38                       | (19)                        |
| Alcohol and tobacco                          | -                  | -                   | -                        | -                           |
| Insurance                                    | -                  | -                   | -                        | -                           |
| Financial institutions                       | 112,521            | 112,521             | 102,392                  | (10,129)                    |
| Other  | 20,213             | 20,213              | 13,288                   | (6,925)                     |
| Total taxes                                  | 135,161            | 135,161             | 118,177                  | (16,984)                    |
| Current service charges                      | 91,230             | 91,230              | 93,349                   | 2,119                       |
| Investment income                            | 98                 | 98                  | 84                       | (14)                        |
| Sales/rents                                  | 7,164              | 7,164               | 7,197                    | 33                          |
| Grants                                       | 15,036             | 15,036              | 13,110                   | (1,926)                     |
| Other  | 5,903              | 5,903               | 7,400                    | 1,497                       |
| Total revenues                               | 254,592            | 254,592             | 239,317                  | (15,275)                    |
| <b>Expenditures:</b>                         |                    |                     |                          |                             |
| Current:                                     |                    |                     |                          |                             |
| General government                           | 5,755              | 249,070             | 99,129                   | 149,941                     |
| Public safety                                | 8,888              | 76,788              | 28,135                   | 48,653                      |
| Health                                       | 258                | 2,988               | 714                      | 2,274                       |
| Welfare                                      | 75                 | 12,930              | 1,083                    | 11,847                      |
| Conservation, culture and development        | 6,488              | 37,053              | 14,050                   | 23,003                      |
| Education                                    | 414                | 11,290              | 7,991                    | 3,299                       |
| Transportation                               | 3,865              | 3,467               | 1,946                    | 1,521                       |
| Total expenditures                           | 25,743             | 393,586             | 153,048                  | 240,538                     |
| Excess of revenues over (under) expenditures | 228,849            | (138,994)           | 86,269                   | (225,263)                   |
| <b>Other financing sources (uses):</b>       |                    |                     |                          |                             |
| Total other financing sources (uses)         | (120,259)          | (120,259)           | (120,259)                | -                           |
| <b>Net change in fund balances</b>           | <u>\$ 108,590</u>  | <u>\$ (259,253)</u> | <u>(33,990)</u>          | <u>\$ 225,263</u>           |
| <b>Fund balances July 1, as restated</b>     |                    |                     | 237,913                  |                             |
| <b>Fund balances June 30</b>                 |                    |                     | <u><u>\$ 203,923</u></u> |                             |

| Patients Compensation Fund |              |                   |                             | Road and Street, Primary Highway |              |                 |                             |
|----------------------------|--------------|-------------------|-----------------------------|----------------------------------|--------------|-----------------|-----------------------------|
| Budget                     |              | Actual            | Variance to<br>Final Budget | Budget                           |              | Actual          | Variance to<br>Final Budget |
| Original                   | Final        |                   |                             | Original                         | Final        |                 |                             |
| \$ -                       | \$ -         | \$ -              | \$ -                        | \$ -                             | \$ -         | \$ -            | \$ -                        |
| -                          | -            | -                 | -                           | -                                | -            | -               | -                           |
| -                          | -            | -                 | -                           | 193,833                          | 193,833      | 197,854         | 4,021                       |
| -                          | -            | -                 | -                           | -                                | -            | -               | -                           |
| -                          | -            | -                 | -                           | -                                | -            | -               | -                           |
| -                          | -            | -                 | -                           | -                                | -            | -               | -                           |
| -                          | -            | -                 | -                           | -                                | -            | -               | -                           |
| -                          | -            | -                 | -                           | -                                | -            | -               | -                           |
| -                          | -            | -                 | -                           | -                                | -            | -               | -                           |
| 87,274                     | 87,274       | 128,591           | 41,317                      | 193,833                          | 193,833      | 197,854         | 4,021                       |
| 192                        | 192          | 133               | (59)                        | 17,736                           | 17,736       | 17,645          | (91)                        |
| -                          | -            | -                 | -                           | -                                | -            | -               | -                           |
| -                          | -            | -                 | -                           | -                                | -            | -               | -                           |
| -                          | -            | -                 | -                           | -                                | -            | -               | -                           |
| 87,466                     | 87,466       | 128,724           | 41,258                      | 211,569                          | 211,569      | 215,499         | 3,930                       |
| -                          | -            | -                 | -                           | -                                | -            | -               | -                           |
| 1,559                      | 322,468      | 180,950           | 141,518                     | -                                | -            | -               | -                           |
| -                          | -            | -                 | -                           | -                                | -            | -               | -                           |
| -                          | -            | -                 | -                           | -                                | -            | -               | -                           |
| -                          | -            | -                 | -                           | -                                | -            | -               | -                           |
| -                          | -            | -                 | -                           | -                                | -            | -               | -                           |
| -                          | -            | -                 | -                           | -                                | 288,194      | 74,058          | 214,136                     |
| 1,559                      | 322,468      | 180,950           | 141,518                     | -                                | 288,194      | 74,058          | 214,136                     |
| 85,907                     | (235,002)    | (52,226)          | (182,776)                   | 211,569                          | (76,625)     | 141,441         | (218,066)                   |
| (12)                       | (12)         | (12)              | -                           | (133,463)                        | (133,463)    | (133,463)       | -                           |
| \$ 85,895                  | \$ (235,014) | (52,238)          | \$ 182,776                  | \$ 78,106                        | \$ (210,088) | 7,978           | \$ 218,066                  |
|                            |              | 193,743           |                             |                                  |              | (1,363)         |                             |
|                            |              | <u>\$ 141,505</u> |                             |                                  |              | <u>\$ 6,615</u> |                             |

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**State of Indiana**  
**Combining Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**(Budgetary Basis)**  
**For the Year Ended June 30, 2014**  
(amounts expressed in thousands)

|  | Tobacco Settlement Fund |                   |                         |                             |
|--|-------------------------|-------------------|-------------------------|-----------------------------|
|  | Budget                  |                   | Actual                  | Variance to<br>Final Budget |
|  | Original                | Final             |                         |                             |
| <b>Revenues:</b>                             |                         |                   |                         |                             |
| Taxes:                                       |                         |                   |                         |                             |
| Income                                       | \$ -                    | \$ -              | \$ -                    | \$ -                        |
| Sales  | -                       | -                 | -                       | -                           |
| Fuels  | -                       | -                 | -                       | -                           |
| Gaming                                       | -                       | -                 | -                       | -                           |
| Unemployment                                 | -                       | -                 | -                       | -                           |
| Alcohol and tobacco                          | -                       | -                 | -                       | -                           |
| Insurance                                    | -                       | -                 | -                       | -                           |
| Financial institutions                       | -                       | -                 | -                       | -                           |
| Other  | -                       | -                 | -                       | -                           |
| Total taxes                                  | -                       | -                 | -                       | -                           |
| Current service charges                      | 132,476                 | 132,476           | 70,387                  | (62,089)                    |
| Investment income                            | 1,223                   | 1,223             | 16                      | (1,207)                     |
| Sales/rents                                  | -                       | -                 | -                       | -                           |
| Grants                                       | -                       | -                 | -                       | -                           |
| Other  | 20                      | 20                | -                       | (20)                        |
| Total revenues                               | 133,719                 | 133,719           | 70,403                  | (63,316)                    |
| <b>Expenditures:</b>                         |                         |                   |                         |                             |
| Current:                                     |                         |                   |                         |                             |
| General government                           | -                       | 250               | -                       | 250                         |
| Public safety                                | -                       | -                 | -                       | -                           |
| Health                                       | 169,892                 | 51,000            | 33,490                  | 17,510                      |
| Welfare                                      | -                       | -                 | -                       | -                           |
| Conservation, culture and development        | -                       | -                 | -                       | -                           |
| Education                                    | -                       | -                 | -                       | -                           |
| Transportation                               | -                       | -                 | -                       | -                           |
| Total expenditures                           | 169,892                 | 51,250            | 33,490                  | 17,760                      |
| Excess of revenues over (under) expenditures | (36,173)                | 82,469            | 36,913                  | 45,556                      |
| <b>Other financing sources (uses):</b>       |                         |                   |                         |                             |
| Total other financing sources (uses)         | (90,400)                | (90,400)          | (90,400)                | -                           |
| <b>Net change in fund balances</b>           | <u>\$ (126,573)</u>     | <u>\$ (7,931)</u> | <u>(53,487)</u>         | <u>\$ (45,556)</u>          |
| <b>Fund balances July 1, as restated</b>     |                         |                   | 98,250                  |                             |
| <b>Fund balances June 30</b>                 |                         |                   | <u><u>\$ 44,763</u></u> |                             |

| Common School Fund |            |                   |                             | U.S. Department of Agriculture |              |                  |                             |
|--------------------|------------|-------------------|-----------------------------|--------------------------------|--------------|------------------|-----------------------------|
| Budget             |            | Actual            | Variance to<br>Final Budget | Budget                         |              | Actual           | Variance to<br>Final Budget |
| Original           | Final      |                   |                             | Original                       | Final        |                  |                             |
| \$ -               | \$ -       | \$ -              | \$ -                        | \$ -                           | \$ -         | \$ -             | \$ -                        |
| -                  | -          | -                 | -                           | -                              | -            | -                | -                           |
| -                  | -          | -                 | -                           | -                              | -            | -                | -                           |
| -                  | -          | -                 | -                           | -                              | -            | -                | -                           |
| -                  | -          | -                 | -                           | -                              | -            | -                | -                           |
| -                  | -          | -                 | -                           | -                              | -            | -                | -                           |
| -                  | -          | -                 | -                           | -                              | -            | -                | -                           |
| -                  | -          | -                 | -                           | -                              | -            | -                | -                           |
| 5,133              | 5,133      | 4,732             | (401)                       | 208                            | 208          | 372              | 164                         |
| 2                  | 2          | -                 | (2)                         | -                              | -            | -                | -                           |
| -                  | -          | -                 | -                           | -                              | -            | -                | -                           |
| -                  | -          | -                 | -                           | 530,223                        | 530,223      | 524,958          | (5,265)                     |
| 122                | 122        | 148               | 26                          | 6                              | 6            | -                | (6)                         |
| 5,257              | 5,257      | 4,880             | (377)                       | 530,437                        | 530,437      | 525,330          | (5,107)                     |
| -                  | 9,023      | -                 | 9,023                       | 582                            | 9,664        | 487              | 9,177                       |
| -                  | -          | -                 | -                           | -                              | 7,463        | 4,042            | 3,421                       |
| -                  | -          | -                 | -                           | 15,189                         | 201,830      | 96,988           | 104,842                     |
| -                  | -          | -                 | -                           | 2,558                          | 277,451      | 105,234          | 172,217                     |
| -                  | -          | -                 | -                           | 580                            | 10,584       | 2,324            | 8,260                       |
| -                  | -          | -                 | -                           | 1,736                          | 450,413      | 381,690          | 68,723                      |
| -                  | -          | -                 | -                           | -                              | -            | -                | -                           |
| -                  | 9,023      | -                 | 9,023                       | 20,645                         | 957,405      | 590,765          | 366,640                     |
| 5,257              | (3,766)    | 4,880             | (8,646)                     | 509,792                        | (426,968)    | (65,435)         | (361,533)                   |
| -                  | -          | -                 | -                           | 60,416                         | 60,416       | 60,416           | -                           |
| \$ 5,257           | \$ (3,766) | 4,880             | \$ 8,646                    | \$ 570,208                     | \$ (366,552) | (5,019)          | \$ 361,533                  |
|                    |            | 562,974           |                             |                                |              | 27,944           |                             |
|                    |            | <u>\$ 567,854</u> |                             |                                |              | <u>\$ 22,925</u> |                             |

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**State of Indiana**  
**Combining Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**(Budgetary Basis)**  
**For the Year Ended June 30, 2014**  
(amounts expressed in thousands)

|  | U.S. Department of Labor |                     |                          |                             |
|--|--------------------------|---------------------|--------------------------|-----------------------------|
|  | Budget                   |                     | Actual                   | Variance to<br>Final Budget |
|  | Original                 | Final               |                          |                             |
| <b>Revenues:</b>                             |                          |                     |                          |                             |
| Taxes:                                       |                          |                     |                          |                             |
| Income                                       | \$ -                     | \$ -                | \$ -                     | \$ -                        |
| Sales  | -                        | -                   | -                        | -                           |
| Fuels  | -                        | -                   | -                        | -                           |
| Gaming                                       | -                        | -                   | -                        | -                           |
| Unemployment                                 | -                        | -                   | -                        | -                           |
| Alcohol and tobacco                          | -                        | -                   | -                        | -                           |
| Insurance                                    | -                        | -                   | -                        | -                           |
| Financial institutions                       | -                        | -                   | -                        | -                           |
| Other  | -                        | -                   | -                        | -                           |
| Total taxes                                  | -                        | -                   | -                        | -                           |
| Current service charges                      | 436                      | 436                 | 690                      | 254                         |
| Investment income                            | -                        | -                   | -                        | -                           |
| Sales/rents                                  | -                        | -                   | -                        | -                           |
| Grants                                       | 147,107                  | 147,107             | 134,842                  | (12,265)                    |
| Other  | 10                       | 10                  | -                        | (10)                        |
| Total revenues                               | 147,553                  | 147,553             | 135,532                  | (12,021)                    |
| <b>Expenditures:</b>                         |                          |                     |                          |                             |
| Current:                                     |                          |                     |                          |                             |
| General government                           | -                        | -                   | -                        | -                           |
| Public safety                                | 46                       | 8,743               | 5,271                    | 3,472                       |
| Health                                       | -                        | -                   | -                        | -                           |
| Welfare                                      | 216                      | 6,046               | 2,289                    | 3,757                       |
| Conservation, culture and development        | 38,688                   | 247,407             | 132,540                  | 114,867                     |
| Education                                    | -                        | 59                  | -                        | 59                          |
| Transportation                               | -                        | -                   | -                        | -                           |
| Total expenditures                           | 38,950                   | 262,255             | 140,100                  | 122,155                     |
| Excess of revenues over (under) expenditures | 108,603                  | (114,702)           | (4,568)                  | (110,134)                   |
| <b>Other financing sources (uses):</b>       |                          |                     |                          |                             |
| Total other financing sources (uses)         | 949                      | 949                 | 949                      | -                           |
| <b>Net change in fund balances</b>           | <u>\$ 109,552</u>        | <u>\$ (113,753)</u> | (3,619)                  | <u>\$ 110,134</u>           |
| <b>Fund balances July 1, as restated</b>     |                          |                     | 920                      |                             |
| <b>Fund balances June 30</b>                 |                          |                     | <u><u>\$ (2,699)</u></u> |                             |

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continued on next page

**State of Indiana**  
**Combining Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**(Budgetary Basis)**  
**For the Year Ended June 30, 2014**  
(amounts expressed in thousands)

|  | U.S. Department of Health and Human Services |                       |                            |                             |
|--|--|-----------------------|----------------------------|-----------------------------|
|  | Budget                                       |                       | Actual                     | Variance to<br>Final Budget |
|  | Original                                     | Final                 |                            |                             |
| <b>Revenues:</b>                             |  |                       |                            |                             |
| Taxes:                                       |  |                       |                            |                             |
| Income                                       | \$ -   | \$ -                  | \$ -                       | \$ -                        |
| Sales  | -  | -                     | -                          | -                           |
| Fuels  | -  | -                     | -                          | -                           |
| Gaming                                       | -  | -                     | -                          | -                           |
| Unemployment                                 | -  | -                     | -                          | -                           |
| Alcohol and tobacco                          | -  | -                     | -                          | -                           |
| Insurance                                    | -  | -                     | -                          | -                           |
| Financial institutions                       | -  | -                     | -                          | -                           |
| Other  | -  | -                     | -                          | -                           |
| Total taxes                                  | -  | -                     | -                          | -                           |
| Current service charges                      | 1,025  | 1,025                 | 723                        | (302)                       |
| Investment income                            | -  | -                     | -                          | -                           |
| Sales/rents                                  | -  | -                     | -                          | -                           |
| Grants                                       | 1,016,189                                    | 1,016,189             | 1,126,950                  | 110,761                     |
| Other  | 100  | 100                   | -                          | (100)                       |
| Total revenues                               | 1,017,314                                    | 1,017,314             | 1,127,673                  | 110,359                     |
| <b>Expenditures:</b>                         |  |                       |                            |                             |
| Current:                                     |  |                       |                            |                             |
| General government                           | 1,405  | 23,408                | 14,512                     | 8,896                       |
| Public safety                                | 2,020  | 13,713                | 9,535                      | 4,178                       |
| Health                                       | 37,630                                       | 203,846               | 85,437                     | 118,409                     |
| Welfare                                      | 221,497                                      | 2,720,358             | 1,415,606                  | 1,304,752                   |
| Conservation, culture and development        | -  | -                     | -                          | -                           |
| Education                                    | 4  | 9,900                 | 9,120                      | 780                         |
| Transportation                               | -  | -                     | -                          | -                           |
| Total expenditures                           | 262,556                                      | 2,971,225             | 1,534,210                  | 1,437,015                   |
| Excess of revenues over (under) expenditures | 754,758                                      | (1,953,911)           | (406,537)                  | (1,547,374)                 |
| <b>Other financing sources (uses):</b>       |  |                       |                            |                             |
| Total other financing sources (uses)         | 350,869                                      | 350,869               | 350,869                    | -                           |
| <b>Net change in fund balances</b>           | <u>\$ 1,105,627</u>                          | <u>\$ (1,603,042)</u> | <u>(55,668)</u>            | <u>\$ 1,547,374</u>         |
| <b>Fund balances July 1, as restated</b>     |  |                       | <u>(87,806)</u>            |                             |
| <b>Fund balances June 30</b>                 |  |                       | <u><b>\$ (143,474)</b></u> |                             |



**State of Indiana**  
**Combining Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**(Budgetary Basis)**  
**For the Year Ended June 30, 2014**  
(amounts expressed in thousands)

|  | Other Non-Major Special Revenue Funds |                       |                          |                             |
|--|---------------------------------------|-----------------------|--------------------------|-----------------------------|
|  | Budget                                |                       | Actual                   | Variance to<br>Final Budget |
|  | Original                              | Final                 |                          |                             |
| <b>Revenues:</b>                             |                                       |                       |                          |                             |
| Taxes:                                       |                                       |                       |                          |                             |
| Income                                       | \$ 201                                | \$ 201                | \$ -                     | \$ (201)                    |
| Sales  | 8,419                                 | 8,419                 | 8,540                    | 121                         |
| Fuels  | 154,612                               | 154,612               | 156,003                  | 1,391                       |
| Gaming                                       | 25,137                                | 25,137                | 24,474                   | (663)                       |
| Unemployment                                 | 23                                    | 23                    | 876                      | 853                         |
| Alcohol and tobacco                          | 36,231                                | 36,231                | 36,145                   | (86)                        |
| Insurance                                    | 4,497                                 | 4,497                 | 4,588                    | 91                          |
| Financial institutions                       | -                                     | -                     | -                        | -                           |
| Other  | 3,692                                 | 3,692                 | 3,711                    | 19                          |
| Total taxes                                  | 232,812                               | 232,812               | 234,337                  | 1,525                       |
| Current service charges                      | 293,594                               | 293,594               | 286,893                  | (6,701)                     |
| Investment income                            | 437                                   | 437                   | 369                      | (68)                        |
| Sales/rents                                  | 10,993                                | 10,993                | 5,083                    | (5,910)                     |
| Grants                                       | 464,656                               | 464,656               | 408,777                  | (55,879)                    |
| Other  | 7,613                                 | 7,613                 | 778                      | (6,835)                     |
| Total revenues                               | 1,010,105                             | 1,010,105             | 936,237                  | (73,868)                    |
| <b>Expenditures:</b>                         |                                       |                       |                          |                             |
| Current:                                     |                                       |                       |                          |                             |
| General government                           | 98,075                                | 729,854               | 137,426                  | 592,428                     |
| Public safety                                | 224,358                               | 629,352               | 254,530                  | 374,822                     |
| Health                                       | 8,233                                 | 10,891                | 8,573                    | 2,318                       |
| Welfare                                      | 23,707                                | 1,174,906             | 179,153                  | 995,753                     |
| Conservation, culture and development        | 190,376                               | 672,895               | 277,410                  | 395,485                     |
| Education                                    | 2,836                                 | 365,321               | 286,953                  | 78,368                      |
| Transportation                               | 191,445                               | 213,796               | 169,159                  | 44,637                      |
| Total expenditures                           | 739,030                               | 3,797,015             | 1,313,204                | 2,483,811                   |
| Excess of revenues over (under) expenditures | 271,075                               | (2,786,910)           | (376,967)                | (2,409,943)                 |
| <b>Other financing sources (uses):</b>       |                                       |                       |                          |                             |
| Total other financing sources (uses)         | 557,546                               | 557,546               | 557,546                  | -                           |
| <b>Net change in fund balances</b>           | <u>\$ 828,621</u>                     | <u>\$ (2,229,364)</u> | <u>180,579</u>           | <u>\$ 2,409,943</u>         |
| <b>Fund balances July 1, as restated</b>     |                                       |                       | <u>809,049</u>           |                             |
| <b>Fund balances June 30</b>                 |                                       |                       | <u><b>\$ 989,628</b></u> |                             |

## Budget/GAAP Reconciliation Nonmajor Special Revenue Funds

The cash basis of accounting (budgetary basis) is applied to each budget. The budgetary basis differs from GAAP. The major differences between budgetary (non-GAAP) basis and GAAP basis are:

| (amounts expressed in thousands)   | Nonmajor<br>Special<br>Revenue<br>Funds |
|--|---|
| Net change in fund balances (budgetary basis)  | \$ 172,247                              |
| Adjustments necessary to convert the results of operations on a budgetary basis to a GAAP basis are:           |   |
| Revenues are recorded when earned (GAAP) as opposed to when cash is received (budgetary)                       | 1,424,650                               |
| Expenditures are recorded when the liability is incurred (GAAP) as opposed to when payment is made (budgetary) | (1,200,318)                             |
| Funds not subject to legally adopted budget  | <u>(933)</u>                            |
| <b>Net change in fund balances (GAAP basis)</b>  | <b><u><u>\$ 395,646</u></u></b>         |

## NON-MAJOR PROPRIETARY FUNDS

### ENTERPRISE FUNDS

Enterprise Funds account for operations established to provide services to the general public in a manner similar to private business enterprises. Cost of providing the goods or services are financed or recovered primarily through fees and user charges. The non-major enterprise funds are as follows:

**Residual Malpractice Insurance Authority** – IC 34-18-17 created the Residual Malpractice Insurance Authority to make malpractice liability insurance available to those who cannot obtain this coverage through other insurers. The Indiana Department of Insurance is the designated residual malpractice insurance authority per State law. Revenues are from the premiums collected.

**Inns and Concessions** - This fund accounts for the operations of various State Park Inns which provide lodging throughout the year for park tourists, and for the restaurant and concessions at Fort Benjamin Harrison.

**Wabash Memorial Bridge** – This fund accounts for the operations of the Wabash River Toll Bridge. This bridge is a vital link for motorists traveling between White County, Illinois, and Posey County, Indiana.

**State of Indiana**  
**Combining Statement of Fund Net Position**  
**Non-Major Enterprise Funds**  
**June 30, 2014**

(amounts expressed in thousands)

|  | <b>Residual<br/>Malpractice<br/>Insurance Authority</b> | <b>Inns and<br/>Concessions</b> | <b>Wabash Memorial<br/>Bridge</b> | <b>Total</b>     |
|--|---|---------------------------------|-----------------------------------|------------------|
| <b>Assets</b>  |   |                                 |                                   |                  |
| Current assets:  |   |                                 |                                   |                  |
| Cash, cash equivalents and investments - unrestricted  | \$ 66,771   | \$ 6,695                        | \$ 832                            | \$ 74,298        |
| Receivables:   |   |                                 |                                   |                  |
| Accounts   | 241   | 308                             | 139                               | 688              |
| Interest   | 466   | -                               | -                                 | 466              |
| Inventory  | -   | 577                             | -                                 | 577              |
| Prepaid expenses                                       | -   | 77                              | -                                 | 77               |
| Other assets   | 36  | -                               | -                                 | 36               |
| Total current assets                                   | 67,514  | 7,657                           | 971                               | 76,142           |
| Noncurrent assets:                                     |   |                                 |                                   |                  |
| Capital assets:  |   |                                 |                                   |                  |
| Capital assets being depreciated/amortized             | -   | 525                             | 610                               | 1,135            |
| less accumulated depreciation/amortization             | -   | (407)                           | (193)                             | (600)            |
| Total capital assets, net of depreciation/amortization | -   | 118                             | 417                               | 535              |
| Total noncurrent assets                                | -   | 118                             | 417                               | 535              |
| <b>Total assets</b>                                    | <b>67,514</b>   | <b>7,775</b>                    | <b>1,388</b>                      | <b>76,677</b>    |
| <b>Liabilities</b>                                     |   |                                 |                                   |                  |
| Current liabilities:                                   |   |                                 |                                   |                  |
| Accounts payable                                       | -   | 693                             | 39                                | 732              |
| Claims payable   | 3,327   | -                               | -                                 | 3,327            |
| Salaries and benefits payable                          | -   | 433                             | -                                 | 433              |
| Accrued liability for compensated absences             | -   | 215                             | -                                 | 215              |
| Unearned revenue                                       | 985   | 3,170                           | 287                               | 4,442            |
| Other liabilities                                      | 30  | 657                             | -                                 | 687              |
| Total current liabilities                              | 4,342   | 5,168                           | 326                               | 9,836            |
| Noncurrent liabilities:                                |   |                                 |                                   |                  |
| Accrued liability for compensated absences             | -   | 365                             | -                                 | 365              |
| Claims payable   | 25,088  | -                               | -                                 | 25,088           |
| Total noncurrent liabilities                           | 25,088  | 365                             | -                                 | 25,453           |
| <b>Total liabilities</b>                               | <b>29,430</b>   | <b>5,533</b>                    | <b>326</b>                        | <b>35,289</b>    |
| <b>Net position</b>                                    |   |                                 |                                   |                  |
| Net investment in capital assets                       | -   | 118                             | 417                               | 535              |
| Unrestricted (deficit)                                 | 38,084  | 2,124                           | 645                               | 40,853           |
| <b>Total net position</b>                              | <b>\$ 38,084</b>  | <b>\$ 2,242</b>                 | <b>\$ 1,062</b>                   | <b>\$ 41,388</b> |

**State of Indiana**  
**Combining Statement of Revenues, Expenses**  
**and Changes in Fund Net Position**  
**Non-Major Enterprise Funds**  
**For the Fiscal Year Ended June 30, 2014**

(amounts expressed in thousands)

|  | <b>Residual Malpractice<br/>Insurance Authority</b> | <b>Inns and<br/>Concessions</b> | <b>Wabash Memorial<br/>Bridge</b> | <b>Total</b>     |
|--|---|---------------------------------|-----------------------------------|------------------|
| <b>Operating revenues:</b>                     |   |                                 |                                   |                  |
| Sales/rents/premiums                           | \$ 1,851  | \$ 23,459                       | \$ 783                            | \$ 26,093        |
| Other  | -   | 245                             | -                                 | 245              |
| Total operating revenues                       | 1,851   | 23,704                          | 783                               | 26,338           |
| Cost of sales                                  | -   | 4,294                           | -                                 | 4,294            |
| Gross margin                                   | 1,851   | 19,410                          | 783                               | 22,044           |
| <b>Operating expenses:</b>                     |   |                                 |                                   |                  |
| General and administrative expense             | 513   | 16,264                          | 749                               | 17,526           |
| Claims expense                                 | 1,342   | -                               | -                                 | 1,342            |
| Depreciation and amortization                  | -   | 33                              | 122                               | 155              |
| Other  | -   | 34                              | -                                 | 34               |
| Total operating expenses                       | 1,855   | 16,331                          | 871                               | 19,057           |
| Operating income (loss)                        | (4)   | 3,079                           | (88)                              | 2,987            |
| <b>Nonoperating revenues (expenses):</b>       |   |                                 |                                   |                  |
| Interest and other investment income           | 1,043   | 8                               | -                                 | 1,051            |
| Total nonoperating revenues (expenses)         | 1,043   | 8                               | -                                 | 1,051            |
| Income before contributions and transfers      | 1,039   | 3,087                           | (88)                              | 4,038            |
| Capital contributions                          | -   | -                               | 165                               | 165              |
| Transfers (out)                                | -   | (2,724)                         | -                                 | (2,724)          |
| <b>Change in net position</b>                  | 1,039   | 363                             | 77                                | 1,479            |
| <b>Total net position, July 1, as restated</b> | <b>37,045</b>                                       | <b>1,879</b>                    | <b>985</b>                        | <b>39,909</b>    |
| <b>Total net position, June 30</b>             | <b>\$ 38,084</b>                                    | <b>\$ 2,242</b>                 | <b>\$ 1,062</b>                   | <b>\$ 41,388</b> |

**State of Indiana**  
**Combining Statement of Cash Flows**  
**Non-Major Enterprise Funds**  
**For the Fiscal Year Ended June 30, 2014**

(amounts expressed in thousands)

|  | <b>Residual<br/>Malpractice<br/>Insurance<br/>Authority</b> | <b>Inns and<br/>Concessions</b> | <b>Wabash<br/>Memorial Bridge</b> | <b>Total</b>     |
|--|---|---------------------------------|-----------------------------------|------------------|
| <b>Cash flows from operating activities:</b>                         |   |                                 |                                   |                  |
| Cash received from customers   | \$ 1,799  | \$ 23,993                       | \$ 883                            | \$ 26,675        |
| Cash paid for general and administrative                             | (510)   | (16,031)                        | (165)                             | (16,706)         |
| Cash paid to suppliers   | -   | (4,283)                         | (561)                             | (4,844)          |
| Cash paid for claims expense   | (1,577)   | -                               | -                                 | (1,577)          |
| Net cash provided (used) by operating activities                     | (288)   | 3,679                           | 157                               | 3,548            |
| <b>Cash flows from noncapital financing activities:</b>              |   |                                 |                                   |                  |
| Transfers out  | -   | (2,724)                         | -                                 | (2,724)          |
| Net cash provided (used) by noncapital financing activities          | -   | (2,724)                         | -                                 | (2,724)          |
| <b>Cash flows from capital and related financing activities:</b>     |   |                                 |                                   |                  |
| Acquisition/construction of capital assets                           | -   | (26)                            | -                                 | (26)             |
| Capital contributions  | -   | -                               | 165                               | 165              |
| Net cash provided (used) by capital and related financing activities | -   | (26)                            | 165                               | 139              |
| <b>Cash flows from investing activities:</b>                         |   |                                 |                                   |                  |
| Proceeds from sales of investments                                   | 9,500   | -                               | -                                 | 9,500            |
| Purchase of investments  | (9,505)   | -                               | -                                 | (9,505)          |
| Interest income (expense) on investments                             | 2,108   | 8                               | -                                 | 2,116            |
| Net cash provided (used) by investing activities                     | 2,103   | 8                               | -                                 | 2,111            |
| <b>Net increase (decrease) in cash and cash equivalents</b>          | 1,815   | 937                             | 322                               | 3,074            |
| <b>Cash and cash equivalents, July 1</b>                             | 3,032   | 5,423                           | 510                               | 8,965            |
| <b>Cash and cash equivalents, June 30</b>                            | <u>\$ 4,847</u>   | <u>\$ 6,360</u>                 | <u>\$ 832</u>                     | <u>\$ 12,039</u> |
| <b>Reconciliation of cash , cash equivalents and investments:</b>    |   |                                 |                                   |                  |
| Cash and cash equivalents unrestricted at end of year                | \$ 4,847  | \$ 6,360                        | \$ 832                            | \$ 12,039        |
| Investments unrestricted   | 61,924  | 335                             | -                                 | 62,259           |
| <b>Cash, cash equivalents and investments per balance sheet</b>      | <u>\$ 66,771</u>  | <u>\$ 6,695</u>                 | <u>\$ 832</u>                     | <u>\$ 74,298</u> |
| <b>Noncash investing, capital and financing activities:</b>          |   |                                 |                                   |                  |
| Increase (Decrease) in fair value of investments                     | \$ (1,054)  | \$ -                            | \$ -                              | \$ (1,054)       |

**State of Indiana**  
**Combining Statement of Cash Flows**  
**Non-Major Enterprise Funds**  
**For the Fiscal Year Ended June 30, 2014**

(amounts expressed in thousands)

|  | <b>Residual<br/>Malpractice<br/>Insurance<br/>Authority</b> | <b>Inns and<br/>Concessions</b> | <b>Wabash<br/>Memorial Bridge</b> | <b>Total</b>    |
|--|---|---------------------------------|-----------------------------------|-----------------|
| <b>Reconciliation of operating income to net cash provided<br/>(used) by operating activities:</b>       |   |                                 |                                   |                 |
| Operating income (loss)  | \$ (4)  | \$ 3,079                        | \$ (88)                           | \$ 2,987        |
| Adjustments to reconcile operating income (loss) to net cash<br>provided (used) by operating activities: |   |                                 |                                   |                 |
| Depreciation/amortization expense  | -   | 33                              | 122                               | 155             |
| (Increase) decrease in receivables   | 20  | 15                              | 61                                | 96              |
| (Increase) decrease in inventory   | -   | 11                              | 17                                | 28              |
| (Increase) decrease in prepaid expenses  | -   | 7                               | -                                 | 7               |
| Increase (decrease) in claims payable  | (235)   | -                               | -                                 | (235)           |
| Increase (decrease) in accounts payable  | -   | 146                             | 6                                 | 152             |
| Increase (decrease) in unearned revenue  | (94)  | 156                             | 39                                | 101             |
| Increase (decrease) in salaries payable  | -   | 34                              | -                                 | 34              |
| Increase (decrease) in compensated absences  | -   | 102                             | -                                 | 102             |
| Increase (decrease) in other payables  | 25  | 96                              | -                                 | 121             |
| Net cash provided (used) by operating activities   | <u>\$ (288)</u>   | <u>\$ 3,679</u>                 | <u>\$ 157</u>                     | <u>\$ 3,548</u> |





## INTERNAL SERVICE FUNDS

Internal Service Funds account for the operations of State agencies that supply goods or services to other agencies of governmental units on a cost-reimbursement basis.

**Institutional Industries** - This fund accounts for revenues and expenses incurred from the operation of inmate employment programs. Goods produced or manufactured as a result of such programs are sold to state agencies and political subdivisions of the State as well as to the general public.

**Administrative Services Revolving** – This fund is used to account for the following rotary funds.

**Information Technology Services** provides telecommunications and data processing services to State agencies. Revenues consist of charges to user agencies.

**Motor Pool Rotary Fund** accounts for the operation and maintenance of State garages including the servicing and repair of all automotive equipment owned or controlled by the State. Revenues consist of charges to user agencies.

**Printing Rotary Fund** accounts for the operation of the State Print Shop, which provides printing services to other State agencies. Revenues consist of charges to user agencies.

**General Services Rotary** accounts for postal service charges to agencies. Revenues consist of charges to user agencies.

**Aviation Rotary Fund** accounts for the operation and maintenance of state aircraft. Revenues consist of charges to user agencies.

**Self-Insurance Funds** - The self-insurance funds consist of the **State Police Health Insurance Fund, State Employee Disability Fund, State Employee Health Insurance Fund, and the Conservation and Excise Officers Health Insurance Fund**. These funds administer health insurance and disability plans for state employees, state police personnel, and conservation and excise police officers as well as for certain school corporations.

**State Personnel Department** - This fund accounts for revenues and expenses incurred by the Indiana State Personnel Department for providing human resource services to the executive branch of the government.

**Accounting Centralization** - This fund accounts for revenues and expenses incurred by the Indiana State Budget Agency for providing centralized accounting services to some smaller state agencies.

State of Indiana  
Combining Statement of Net Position  
Internal Service Funds  
June 30, 2014  
(amounts expressed in thousands)

|   | Institutional Industries | Administrative Services Revolving | State Police Health Insurance Fund | State Employee Disability Fund | State Employee Health Insurance Fund | Conservation and Excise Officers Health Insurance Fund | State Personnel Department Fund | Accounting Centralization | Total          |
|---|--------------------------|-----------------------------------|------------------------------------|--------------------------------|--------------------------------------|--|---------------------------------|---------------------------|----------------|
| <b>Assets</b>   |                          |                                   |                                    |                                |                                      |  |                                 |                           |                |
| Current assets:   |                          |                                   |                                    |                                |                                      |  |                                 |                           |                |
| Cash, cash equivalents and investments - unrestricted                                 | \$ 3,132                 | \$ 30,151                         | \$ 15,979                          | \$ 4,074                       | \$ 50,475                            | \$ 3,805   | \$ 713                          | \$ 69                     | \$ 108,398     |
| Receivables:  |                          |                                   |                                    |                                |                                      |  |                                 |                           |                |
| Accounts  | 3,799                    | 1,119                             | 1,926                              | 1,491                          | 17,412                               | 304  | -                               | -                         | 26,051         |
| Interfund services provided   | 404                      | 8,034                             | -                                  | -                              | -                                    | -  | -                               | -                         | 8,438          |
| Inventory   | 4,601                    | 270                               | -                                  | -                              | -                                    | -  | -                               | -                         | 4,871          |
| Total current assets  | 11,936                   | 39,574                            | 17,905                             | 5,565                          | 67,887                               | 4,109  | 713                             | 69                        | 147,758        |
| Noncurrent assets:  |                          |                                   |                                    |                                |                                      |  |                                 |                           |                |
| Capital assets:   |                          |                                   |                                    |                                |                                      |  |                                 |                           |                |
| Capital assets being depreciated/amortized less accumulated depreciation/amortization | 16,219                   | 60,993                            | -                                  | -                              | 1,299                                | -  | -                               | -                         | 78,511         |
| Total capital assets, net of depreciation/amortization                                | (11,785)                 | (47,822)                          | -                                  | -                              | (3)                                  | -  | -                               | -                         | (59,610)       |
| Total capital assets, net of depreciation/amortization                                | 4,434                    | 13,171                            | -                                  | -                              | 1,296                                | -  | -                               | -                         | 18,901         |
| Total noncurrent assets   | 4,434                    | 13,171                            | -                                  | -                              | 1,296                                | -  | -                               | -                         | 18,901         |
| <b>Total assets</b>   | <b>16,370</b>            | <b>52,745</b>                     | <b>17,905</b>                      | <b>5,565</b>                   | <b>69,183</b>                        | <b>4,109</b>   | <b>713</b>                      | <b>69</b>                 | <b>166,659</b> |
| <b>Liabilities</b>  |                          |                                   |                                    |                                |                                      |  |                                 |                           |                |
| Current liabilities:  |                          |                                   |                                    |                                |                                      |  |                                 |                           |                |
| Accounts payable  | 2,278                    | 3,990                             | 2,762                              | 5,230                          | 37,376                               | 549  | 31                              | -                         | 52,216         |
| Claims payable  | -                        | -                                 | -                                  | -                              | -                                    | -  | -                               | -                         | -              |
| Salaries and benefits payable   | 454                      | 1,622                             | -                                  | -                              | 69                                   | -  | 445                             | 20                        | 2,610          |
| Accrued liability for compensated absences  | 449                      | 1,882                             | -                                  | -                              | 25                                   | -  | 327                             | 15                        | 2,698          |
| Unearned revenue  | 1                        | 187                               | -                                  | -                              | -                                    | -  | -                               | -                         | 188            |
| Other liabilities   | 4                        | -                                 | -                                  | -                              | -                                    | -  | -                               | -                         | 4              |
| Total current liabilities   | 3,186                    | 7,681                             | 2,762                              | 5,230                          | 37,470                               | 549  | 803                             | 35                        | 57,716         |
| Noncurrent liabilities:   |                          |                                   |                                    |                                |                                      |  |                                 |                           |                |
| Accrued liability for compensated absences  | 389                      | 1,612                             | -                                  | -                              | 19                                   | -  | 265                             | 11                        | 2,296          |
| Total noncurrent liabilities  | 389                      | 1,612                             | -                                  | -                              | 19                                   | -  | 265                             | 11                        | 2,296          |
| <b>Total liabilities</b>  | <b>3,575</b>             | <b>9,293</b>                      | <b>2,762</b>                       | <b>5,230</b>                   | <b>37,489</b>                        | <b>549</b>   | <b>1,068</b>                    | <b>46</b>                 | <b>60,012</b>  |
| <b>Net position</b>   |                          |                                   |                                    |                                |                                      |  |                                 |                           |                |
| Net investment in capital assets  | 4,435                    | 13,171                            | -                                  | -                              | 1,296                                | -  | -                               | -                         | 18,902         |
| Unrestricted (deficit)  | 8,360                    | 30,281                            | 15,143                             | 335                            | 30,398                               | 3,560  | (355)                           | 23                        | 87,745         |
| Total net position  | \$ 12,795                | \$ 43,452                         | \$ 15,143                          | \$ 335                         | \$ 31,694                            | \$ 3,560   | \$ (355)                        | \$ 23                     | \$ 106,647     |

**State of Indiana**  
**Combining Statement of Revenues, Expenses**  
**and Changes in Fund Net Position**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2014**  
(amounts expressed in thousands)

|  | Institutional Industries | Administrative Services Revolving | State Police Health Insurance Fund | State Employee Disability Fund | State Employee Health Insurance Fund | Conservation and Excise Officers Health Insurance Fund | State Personnel Department Fund | Accounting Centralization | Total      |
|--|--------------------------|-----------------------------------|------------------------------------|--------------------------------|--------------------------------------|--|---------------------------------|---------------------------|------------|
| <b>Operating revenues:</b>                     |                          |                                   |                                    |                                |                                      |  |                                 |                           |            |
| Sales/rents/premiums                           | \$ 38,435                | \$ 118,824                        | \$ 32,634                          | \$ 22,424                      | \$ 327,724                           | \$ 4,988   | \$ -                            | \$ -                      | \$ 545,029 |
| Charges for services                           | -                        | 105                               | -                                  | -                              | -                                    | -  | 8,929                           | 411                       | 9,445      |
| Other  | 272                      | 500                               | -                                  | 976                            | -                                    | -  | -                               | -                         | 1,748      |
| Total operating revenues                       | 38,707                   | 119,429                           | 32,634                             | 23,400                         | 327,724                              | 4,988  | 8,929                           | 411                       | 556,222    |
| Cost of sales                                  | 22,169                   | 1,512                             | -                                  | -                              | -                                    | -  | -                               | -                         | 23,681     |
| Gross margin                                   | 16,538                   | 117,917                           | 32,634                             | 23,400                         | 327,724                              | 4,988  | 8,929                           | 411                       | 532,541    |
| <b>Operating expenses:</b>                     |                          |                                   |                                    |                                |                                      |  |                                 |                           |            |
| General and administrative expense             | 15,014                   | 107,783                           | 1,303                              | 600                            | 16,849                               | 352  | 8,332                           | 400                       | 150,633    |
| Health / disability benefit payments           | -                        | -                                 | 18,757                             | 20,856                         | 300,228                              | 3,040  | -                               | -                         | 342,881    |
| Depreciation and amortization                  | 395                      | 6,030                             | -                                  | -                              | 3                                    | -  | -                               | -                         | 6,428      |
| Total operating expenses                       | 15,409                   | 113,813                           | 20,060                             | 21,456                         | 317,080                              | 3,392  | 8,332                           | 400                       | 499,942    |
| Operating income (loss)                        | 1,129                    | 4,104                             | 12,574                             | 1,944                          | 10,644                               | 1,596  | 597                             | 11                        | 32,599     |
| <b>Nonoperating revenues (expenses):</b>       |                          |                                   |                                    |                                |                                      |  |                                 |                           |            |
| Gain (Loss) on disposition of assets           | (9)                      | 1,868                             | -                                  | -                              | -                                    | -  | -                               | -                         | 1,859      |
| Federal grants                                 | -                        | -                                 | -                                  | -                              | -                                    | -  | -                               | -                         | -          |
| Contributions to other postemployment benefits | -                        | -                                 | (5,362)                            | -                              | (4,508)                              | (537)  | -                               | -                         | (10,407)   |
| Total nonoperating revenues (expenses)         | (9)                      | 1,868                             | (5,362)                            | -                              | (4,508)                              | (537)  | -                               | -                         | (8,548)    |
| Income before contributions and transfers      | 1,120                    | 5,972                             | 7,212                              | 1,944                          | 6,136                                | 1,059  | 597                             | 11                        | 24,051     |
| Transfers in                                   | -                        | 1,600                             | -                                  | -                              | 38                                   | -  | -                               | -                         | 1,638      |
| Transfers (out)                                | (3,692)                  | -                                 | -                                  | -                              | -                                    | -  | -                               | -                         | (3,692)    |
| <b>Change in net position</b>                  | (2,572)                  | 7,572                             | 7,212                              | 1,944                          | 6,174                                | 1,059  | 597                             | 11                        | 21,997     |
| <b>Total net position, July 1, as restated</b> | 15,367                   | 35,880                            | 7,931                              | (1,609)                        | 25,520                               | 2,501  | (952)                           | 12                        | 84,650     |
| <b>Total net position, June 30</b>             | \$ 12,795                | \$ 43,452                         | \$ 15,143                          | \$ 335                         | \$ 31,694                            | \$ 3,560   | \$ (355)                        | \$ 23                     | \$ 106,647 |

**State of Indiana**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2014**  
(amounts expressed in thousands)

|  | Institutional Industries | Administrative Services Revolving | State Police Health Insurance Fund | State Employee Disability Fund | State Employee Health Insurance Fund | Conservation and Excise Officers Health Insurance Fund | State Personnel Department Fund | Accounting Centralization | Total             |
|--|--------------------------|-----------------------------------|------------------------------------|--------------------------------|--------------------------------------|--|---------------------------------|---------------------------|-------------------|
| <b>Cash flows from operating activities:</b>                         |                          |                                   |                                    |                                |                                      |  |                                 |                           |                   |
| Cash received from customers   | \$ 39,344                | \$ 119,323                        | \$ 32,464                          | \$ 23,444                      | \$ 326,081                           | \$ 4,973   | \$ 8,929                        | \$ 411                    | \$ 554,969        |
| Cash paid for general and administrative                             | (15,057)                 | (107,521)                         | (1,303)                            | (600)                          | (16,136)                             | (350)  | (8,524)                         | (399)                     | (149,890)         |
| Cash paid for salary/health/disability benefit payments              | -                        | -                                 | (19,348)                           | (20,466)                       | (298,853)                            | (3,074)  | -                               | -                         | (341,741)         |
| Cash paid to suppliers   | (22,106)                 | (1,087)                           | -                                  | -                              | -                                    | -  | -                               | -                         | (23,193)          |
| Net cash provided (used) by operating activities                     | 2,181                    | 10,715                            | 11,813                             | 2,378                          | 11,092                               | 1,549  | 405                             | 12                        | 40,145            |
| <b>Cash flows from noncapital financing activities:</b>              |                          |                                   |                                    |                                |                                      |  |                                 |                           |                   |
| Transfers in   | -                        | 1,600                             | -                                  | -                              | 38                                   | -  | -                               | -                         | 1,638             |
| Transfers out  | (3,692)                  | -                                 | -                                  | -                              | -                                    | -  | -                               | -                         | (3,692)           |
| Contributions to other postemployment benefits                       | -                        | -                                 | (5,362)                            | -                              | (4,508)                              | (537)  | -                               | -                         | (10,407)          |
| Net cash provided (used) by noncapital financing activities          | (3,692)                  | 1,600                             | (5,362)                            | -                              | (4,470)                              | (537)  | -                               | -                         | (12,461)          |
| <b>Cash flows from capital and related financing activities:</b>     |                          |                                   |                                    |                                |                                      |  |                                 |                           |                   |
| Acquisition/construction of capital assets                           | (123)                    | (6,300)                           | -                                  | -                              | (1,299)                              | -  | -                               | -                         | (7,722)           |
| Proceeds from sale of assets   | 1                        | 1,875                             | -                                  | -                              | -                                    | -  | -                               | -                         | 1,876             |
| Net cash provided (used) by capital and related financing activities | (122)                    | (4,425)                           | -                                  | -                              | (1,299)                              | -  | -                               | -                         | (5,846)           |
| <b>Net increase (decrease) in cash and cash equivalents</b>          | (1,633)                  | 7,890                             | 6,451                              | 2,378                          | 5,323                                | 1,012  | 405                             | 12                        | 21,838            |
| <b>Cash and cash equivalents, July 1</b>                             | 4,765                    | 22,261                            | 9,528                              | 1,696                          | 45,152                               | 2,793  | 308                             | 57                        | 86,560            |
| <b>Cash and cash equivalents, June 30</b>                            | <u>\$ 3,132</u>          | <u>\$ 30,151</u>                  | <u>\$ 15,979</u>                   | <u>\$ 4,074</u>                | <u>\$ 50,475</u>                     | <u>\$ 3,805</u>  | <u>\$ 713</u>                   | <u>\$ 69</u>              | <u>\$ 108,398</u> |
| <b>Reconciliation of cash , cash equivalents and investments:</b>    |                          |                                   |                                    |                                |                                      |  |                                 |                           |                   |
| Cash and cash equivalents unrestricted at end of year                | \$ 3,132                 | \$ 30,151                         | \$ 15,979                          | \$ 4,074                       | \$ 50,475                            | \$ 3,805   | \$ 713                          | \$ 69                     | \$ 108,398        |
| <b>Cash, cash equivalents and investments per balance sheet</b>      | <u>\$ 3,132</u>          | <u>\$ 30,151</u>                  | <u>\$ 15,979</u>                   | <u>\$ 4,074</u>                | <u>\$ 50,475</u>                     | <u>\$ 3,805</u>  | <u>\$ 713</u>                   | <u>\$ 69</u>              | <u>\$ 108,398</u> |

**State of Indiana**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2014**  
(amounts expressed in thousands)

|   | Institutional Industries | Administrative Services Revolving | State Police Health Insurance Fund | State Employee Disability Fund | State Employee Health Insurance Fund | Conservation and Excise Officers Health Insurance Fund | State Personnel Department Fund | Accounting Centralization | Total     |
|---|--------------------------|-----------------------------------|------------------------------------|--------------------------------|--------------------------------------|--|---------------------------------|---------------------------|-----------|
|   | \$ 1,129                 | \$ 4,104                          | \$ 12,574                          | \$ 1,944                       | \$ 10,644                            | \$ 1,596   | \$ 597                          | \$ 11                     | \$ 32,599 |
| Reconciliation of operating income to net cash provided (used) by operating activities:               |                          |                                   |                                    |                                |                                      |  |                                 |                           |           |
| Operating income (loss)   | \$                       | \$                                | \$                                 | \$                             | \$                                   | \$   | \$                              | \$                        | \$        |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: |                          |                                   |                                    |                                |                                      |  |                                 |                           |           |
| Depreciation/amortization expense   | 395                      | 6,030                             | -                                  | -                              | 3                                    | -  | -                               | -                         | 6,428     |
| (Increase) decrease in receivables  | 636                      | (180)                             | (170)                              | 44                             | (1,643)                              | (14)   | -                               | -                         | (1,327)   |
| (Increase) decrease in interfund services provided  | 2                        | 74                                | -                                  | -                              | -                                    | -  | -                               | -                         | 76        |
| (Increase) decrease in inventory  | 681                      | 32                                | -                                  | -                              | -                                    | -  | -                               | -                         | 713       |
| Increase (decrease) in health and disability benefits payable   | -                        | -                                 | (591)                              | 390                            | 1,375                                | (34)   | -                               | -                         | 1,140     |
| Increase (decrease) in accounts payable   | (619)                    | 387                               | -                                  | -                              | 704                                  | 1  | 12                              | -                         | 485       |
| Increase (decrease) in unearned revenue   | (1)                      | -                                 | -                                  | -                              | -                                    | -  | -                               | -                         | (1)       |
| Increase (decrease) in salaries payable   | 9                        | 187                               | -                                  | -                              | 2                                    | -  | (2)                             | -                         | 196       |
| Increase (decrease) in compensated absences   | (53)                     | 81                                | -                                  | -                              | 7                                    | -  | (202)                           | 1                         | (166)     |
| Increase (decrease) in other payables   | 2                        | -                                 | -                                  | -                              | -                                    | -  | -                               | -                         | 2         |
| Net cash provided (used) by operating activities  | \$ 2,181                 | \$ 10,715                         | \$ 11,813                          | \$ 2,378                       | \$ 11,092                            | \$ 1,549   | \$ 405                          | \$ 12                     | \$ 40,145 |

## FIDUCIARY FUNDS

Fiduciary funds account for assets held by or on behalf of the government in a trustee capacity or as an agent on behalf of others.

### PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS

Pension trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, and other post-employment benefit plans.

**State Police Pension Fund** - This fund is used to account for assets held for a defined benefit, single-employer public employee retirement system administered by the Indiana State Police.

**State Employee Retiree Health Benefit Trust Fund-DB** - This fund is used to account for assets held for the State's four defined benefit, single-employer OPEB plans: the State Personnel Plan (SPP) and Legislature Plan (LP) administered by the State Personnel Department; Indiana State Police Plan (ISPP) administered by the Indiana State Police; and the Conservation and Excise Police Plan (CEPP) administered by the Indiana State Excise Police and Indiana Conservation Officers Health Insurance Committee.

**State Employee Retiree Health Benefit Trust Fund-DC** - This fund is used to account for assets held for a defined contribution, single-employer OPEB plan administered by the State Budget Agency.

**Indiana Public Retirement System** – INPRS administers and manages public pension plans including the Public Employees' Retirement Fund (PERF), the Teachers' Retirement Fund (TRF), the Prosecuting Attorney's Retirement Fund (PARF), the 1977 Police Officers' and Firefighters' Pension and Disability Fund (1977 Fund), the Legislators Retirement System (LRS), the Judges Retirement System (JRS), and the State Excise, Gaming Agent, Gaming Control Officers and Conservation Enforcement Officers' Retirement Plan (EG&C). The PERF, TRF, and 1977 Fund plans are cost-sharing, multiple-employer defined benefit plans. The LRS plan has both a single-employer defined benefit plan and a single-employer defined contribution plan. The PARF, JRS, and EG&C plans are single-employer defined benefit plans. INPRS also oversees three non-retirement funds which are the Pension Relief Fund, the Public Safety Officers' Special Death Benefit Fund and the State Employees' Death Benefit Fund.

### PRIVATE-PURPOSE TRUST FUNDS

Private-Purpose trust funds are used to account for trust arrangements in which both the principal and interest may be spent for the benefit of individuals, private organizations or other governments.

**Abandoned Property Fund** - This fund is used to administer abandoned property of individuals, private organizations and other governments held by the State.

**Private-Purpose Trust Fund** - This fund is used to account for a group of fund centers under which principal and interest benefit individuals, private organizations, or other governments.

## FIDUCIARY FUNDS

### AGENCY FUNDS

Agency funds account for resources that are custodial in nature. They generally are amounts held by the State of Indiana on behalf of third parties.

**Employee Payroll, Withholding and Benefits Funds** - These funds are used for the disposition of various payroll-related deductions and contributions such as social security and insurance contributions.

**Local Distributions Fund** - This fund is composed of accounts used to distribute revenue collections to local units of government based upon statutory formulas.

**Child Support Fund** - This fund is used for the collection and distribution of child support payments.

**Department of Insurance Fund** - This fund includes security deposits of insurance companies, health maintenance organizations and third party administrators as required.

**Other Agency Funds** – This category comprises various escrows, revenue collection, and agency accounts for which the State acts in an agent capacity until proper disposition of the assets can be made.

**State of Indiana**  
**Combining Statement of Fiduciary Net Position**  
**Pension and Other Employee Benefit Trust Funds**  
**June 30, 2014**

(amounts expressed in thousands)

|   | Primary Government           |  |  | Fiduciary in Nature<br>Component Unit |                      |
|---|------------------------------|--|--|---------------------------------------|----------------------|
|   | State Police<br>Pension Fund | State Employee<br>Retiree Health<br>Benefit Trust<br>Fund - DB | State Employee<br>Retiree Health<br>Benefit Trust<br>Fund - DC | Indiana Public<br>Retirement System   | Total                |
| <b>Assets</b>   |                              |  |  |                                       |                      |
| Cash, cash equivalents and non-pension investments            | \$ 49,494                    | \$ 29,092  | \$ 32,683  | \$ 15,001                             | \$ 126,270           |
| Securities lending collateral                                 | -                            | -  | -  | 2,168,992                             | 2,168,992            |
| Receivables:  |                              |  |  |                                       |                      |
| Contributions   | 245                          | 170  | 2,902  | 8,646                                 | 11,963               |
| Interest  | 408                          | 15   | 53   | 87,595                                | 88,071               |
| Member loans  | 180                          | -  | -  | -                                     | 180                  |
| From investment sales   | 175                          | -  | -  | 4,503,784                             | 4,503,959            |
| Other   | -                            | -  | -  | 3,935                                 | 3,935                |
| Total receivables   | 1,008                        | 185  | 2,955  | 4,603,960                             | 4,608,108            |
| Pension and other employee benefit investments at fair value: |                              |  |  |                                       |                      |
| Short term investments  | -                            | -  | -  | 1,330,863                             | 1,330,863            |
| Equity Securities   | 204,997                      | -  | -  | 7,648,565                             | 7,853,562            |
| Debt Securities   | 118,965                      | 61,943   | 212,732  | 12,387,865                            | 12,781,505           |
| Other   | 93,785                       | -  | -  | 9,161,942                             | 9,255,727            |
| Total investments at fair value                               | 417,747                      | 61,943   | 212,732  | 30,529,235                            | 31,221,657           |
| Other assets  | -                            | -  | -  | 408                                   | 408                  |
| Property, plant and equipment net of accumulated depreciation | -                            | -  | -  | 9,203                                 | 9,203                |
| <b>Total assets</b>   | <b>468,249</b>               | <b>91,220</b>  | <b>248,370</b>   | <b>37,326,799</b>                     | <b>38,134,638</b>    |
| <b>Liabilities:</b>   |                              |  |  |                                       |                      |
| Accounts/escrows payable                                      | 98                           | 10   | 19   | 4,955                                 | 5,082                |
| Salaries and benefits payable                                 | -                            | -  | -  | 3,236                                 | 3,236                |
| Benefits payable  | -                            | 1,499  | 299  | 93,456                                | 95,254               |
| Investment purchases payable                                  | -                            | -  | -  | 4,616,227                             | 4,616,227            |
| Securities purchased payable                                  | 153                          | -  | -  | 225,614                               | 225,767              |
| Securities lending collateral                                 | -                            | -  | -  | 2,168,992                             | 2,168,992            |
| Other   | -                            | -  | -  | 17,167                                | 17,167               |
| <b>Total liabilities</b>                                      | <b>251</b>                   | <b>1,509</b>   | <b>318</b>   | <b>7,129,647</b>                      | <b>7,131,725</b>     |
| <b>Net Position</b>   |                              |  |  |                                       |                      |
| Restricted for:   |                              |  |  |                                       |                      |
| Employees' pension benefits                                   | 467,998                      | -  | -  | 30,184,061                            | 30,652,059           |
| OPEB benefits   | -                            | 89,711   | 248,052  | -                                     | 337,763              |
| Future death benefits   | -                            | -  | -  | 13,091                                | 13,091               |
| <b>Total net position</b>                                     | <b>\$ 467,998</b>            | <b>\$ 89,711</b>   | <b>\$ 248,052</b>  | <b>\$ 30,197,152</b>                  | <b>\$ 31,002,913</b> |



**State of Indiana**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Pension and Other Employee Benefit Trust Funds**  
**For the Year Ended June 30, 2014**

(amounts expressed in thousands)

|  | Primary Government           |  |  | Fiduciary in Nature<br>Component Unit |                      |
|--|------------------------------|--|--|---------------------------------------|----------------------|
|  | State Police<br>Pension Fund | State Employee<br>Retiree Health<br>Benefit Trust Fund -<br>DB | State Employee<br>Retiree Health<br>Benefit Trust Fund -<br>DC | Indiana Public<br>Retirement System   | Total                |
| <b>Additions:</b>  |                              |  |  |                                       |                      |
| Member contributions   | \$ 3,763                     | \$ 9,678   | \$ -   | \$ 341,609                            | \$ 355,050           |
| Employer contributions   | 14,005                       | 32,366   | 40,913   | 894,851                               | 982,135              |
| Contributions from the State of Indiana  | -                            | -  | -  | 826,142                               | 826,142              |
| Net investment income (loss)   | 46,240                       | 95   | 788  | 3,622,093                             | 3,669,216            |
| Less investment expense  | (1,357)                      | (1)  | -  | (188,042)                             | (189,400)            |
| Federal reimbursements   | -                            | 523  | -  | -                                     | 523                  |
| Transfers from other retirement funds  | -                            | -  | -  | 15,582                                | 15,582               |
| Other  | 4                            | 200  | -  | 172                                   | 376                  |
| Total additions  | 62,655                       | 42,861   | 41,701   | 5,512,407                             | 5,659,624            |
| <b>Deductions:</b>   |                              |  |  |                                       |                      |
| Pension and disability benefits  | 32,923                       | -  | -  | 2,216,056                             | 2,248,979            |
| Retiree health benefits  | -                            | 24,721   | 15,625   | -                                     | 40,346               |
| Death benefits   | -                            | -  | -  | 870                                   | 870                  |
| Refunds of contributions and interest  | -                            | -  | -  | 87,375                                | 87,375               |
| Administrative   | 307                          | 972  | 139  | 34,544                                | 35,962               |
| Capital projects   | -                            | -  | -  | 8,855                                 | 8,855                |
| Transfers to other retirement funds  | -                            | -  | -  | 15,582                                | 15,582               |
| Other  | 15                           | -  | -  | -                                     | 15                   |
| Total deductions   | 33,245                       | 25,693   | 15,764   | 2,363,282                             | 2,437,984            |
| Net increase (decrease) in net position  | 29,410                       | 17,168   | 25,937   | 3,149,125                             | 3,221,640            |
| Net position restricted for pension and other<br>employee benefits, July 1, as restated:         |                              |  |  |                                       |                      |
| Pension benefits   | 438,588                      | -  | -  | 27,035,691                            | 27,474,279           |
| OPEB benefits  | -                            | 72,543   | 222,115  | -                                     | 294,658              |
| Future death benefits  | -                            | -  | -  | 12,336                                | 12,336               |
| <b>Net position restricted for pension and other<br/>employee benefits, June 30, as restated</b> | <b>\$ 467,998</b>            | <b>\$ 89,711</b>   | <b>\$ 248,052</b>  | <b>\$ 30,197,152</b>                  | <b>\$ 31,002,913</b> |

**State of Indiana**  
**Combining Statement of Net Position**  
**Private-Purpose Trust Funds**  
**June 30, 2014**

(amounts expressed in thousands)

|  | <b>Abandoned<br/>Property Fund</b> | <b>Private Purpose<br/>Trust Fund</b> | <b>Total</b>     |
|--|------------------------------------|---------------------------------------|------------------|
| <b>ASSETS</b>                                      |                                    |                                       |                  |
| Cash, cash equivalents and non-pension investments | \$ 16,340                          | \$ 20,344                             | \$ 36,684        |
| Receivables:                                       |                                    |                                       |                  |
| Taxes  | -                                  | 4,730                                 | 4,730            |
| Interest   | -                                  | 1                                     | 1                |
| Total receivables                                  | -                                  | 4,731                                 | 4,731            |
| <b>Total assets</b>                                | <b>16,340</b>                      | <b>25,075</b>                         | <b>41,415</b>    |
| <b>LIABILITIES</b>                                 |                                    |                                       |                  |
| Accounts/escrows payable                           | 419                                | 959                                   | 1,378            |
| Salaries and benefits payable                      | 101                                | -                                     | 101              |
| Intergovernmental payable                          | -                                  | 2,175                                 | 2,175            |
| <b>Total liabilities</b>                           | <b>520</b>                         | <b>3,134</b>                          | <b>3,654</b>     |
| <b>NET POSITION</b>                                |                                    |                                       |                  |
| Restricted for:                                    |                                    |                                       |                  |
| Trust beneficiaries                                | 15,820                             | 21,941                                | 37,761           |
| <b>Total net position</b>                          | <b>\$ 15,820</b>                   | <b>\$ 21,941</b>                      | <b>\$ 37,761</b> |

**State of Indiana**  
**Combining Statement of Changes in Net Position**  
**Private-Purpose Trust Funds**  
**For the Year Ended June 30, 2014**  
(amounts expressed in thousands)

|   | <b>Abandoned<br/>Property Fund</b> | <b>Private-Purpose<br/>Trust Fund</b> | <b>Total</b>     |
|---|------------------------------------|---------------------------------------|------------------|
| <b>Additions:</b>                       |                                    |                                       |                  |
| Taxes                                   | \$ -                               | \$ 85,563                             | \$ 85,563        |
| Investment Income                       | 8                                  | 36                                    | 44               |
| Member Contributions                    | -                                  | 3,288                                 | 3,288            |
| Donations/escheats                      | 118,282                            | -                                     | 118,282          |
| Total additions                         | 118,290                            | 88,887                                | 207,177          |
| <b>Deductions:</b>                      |                                    |                                       |                  |
| Payments to participants/beneficiaries  | 111,875                            | 89,070                                | 200,945          |
| Total deductions                        | 111,875                            | 89,070                                | 200,945          |
| Net increase (decrease) in net position | 6,415                              | (183)                                 | 6,232            |
| Net position, July 1, as restated       | 9,405                              | 22,124                                | 31,529           |
| <b>Net position, June 30</b>            | <b>\$ 15,820</b>                   | <b>\$ 21,941</b>                      | <b>\$ 37,761</b> |

**State of Indiana**  
**Combining Statement of Net Position**  
**Agency Funds**  
**June 30, 2014**

(amounts expressed in thousands)

|  | Employee<br>Payroll,<br>Withholding and<br>Benefits | Local<br>Distributions | Child<br>Support | Department<br>of Insurance | Other<br>Agency<br>Funds | Total             |
|--|---|------------------------|------------------|----------------------------|--------------------------|-------------------|
| <b>Assets:</b>                         |   |                        |                  |                            |                          |                   |
| Cash, cash equivalents and investments | \$ 211  | \$ 253,077             | \$ 19,687        | \$ 250,081                 | \$ 86,599                | \$ 609,655        |
| Receivables:                           |   |                        |                  |                            |                          |                   |
| Taxes                                  | -   | 166,297                | -                | -                          | 17,325                   | 183,622           |
| Other                                  | -   | -                      | -                | -                          | 59                       | 59                |
| <b>Total assets</b>                    | <b>\$ 211</b>                                       | <b>\$ 419,374</b>      | <b>\$ 19,687</b> | <b>\$ 250,081</b>          | <b>\$ 103,983</b>        | <b>\$ 793,336</b> |
| <b>Liabilities:</b>                    |   |                        |                  |                            |                          |                   |
| Accounts/escrows payable               | \$ 211  | \$ 419,374             | \$ 19,687        | \$ 250,081                 | \$ 103,983               | \$ 793,336        |
| <b>Total liabilities</b>               | <b>\$ 211</b>                                       | <b>\$ 419,374</b>      | <b>\$ 19,687</b> | <b>\$ 250,081</b>          | <b>\$ 103,983</b>        | <b>\$ 793,336</b> |

**State of Indiana**  
**Combining Statement of Changes In Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2014**

(amounts expressed in thousands)

|   | Balance, July 1   | Additions           | Deductions          | Balance, June 30  |
|---|-------------------|---------------------|---------------------|-------------------|
| <b>Employee Payroll, Withholding and Benefits</b> |                   |                     |                     |                   |
| Assets:   |                   |                     |                     |                   |
| Cash, cash equivalents, and investments           | \$ 158            | \$ 2,171,506        | \$ 2,171,453        | \$ 211            |
| Total assets                                      | <u>\$ 158</u>     | <u>\$ 2,171,506</u> | <u>\$ 2,171,453</u> | <u>\$ 211</u>     |
| Liabilities:                                      |                   |                     |                     |                   |
| Accounts / escrows payable                        | \$ 158            | \$ 2,171,506        | \$ 2,171,453        | \$ 211            |
| Total liabilities                                 | <u>\$ 158</u>     | <u>\$ 2,171,506</u> | <u>\$ 2,171,453</u> | <u>\$ 211</u>     |
| <b>Local Distributions</b>                        |                   |                     |                     |                   |
| Assets:   |                   |                     |                     |                   |
| Cash, cash equivalents, and investments           | \$ 165,011        | \$ 1,824,426        | \$ 1,736,360        | \$ 253,077        |
| Receivables                                       | 151,969           | 166,297             | 151,969             | 166,297           |
| Total assets                                      | <u>\$ 316,980</u> | <u>\$ 1,990,723</u> | <u>\$ 1,888,329</u> | <u>\$ 419,374</u> |
| Liabilities:                                      |                   |                     |                     |                   |
| Accounts / escrows payable                        | \$ 316,980        | \$ 1,990,723        | \$ 1,888,329        | \$ 419,374        |
| Total liabilities                                 | <u>\$ 316,980</u> | <u>\$ 1,990,723</u> | <u>\$ 1,888,329</u> | <u>\$ 419,374</u> |
| <b>Child Support</b>                              |                   |                     |                     |                   |
| Assets:   |                   |                     |                     |                   |
| Cash, cash equivalents, and investments           | \$ 19,334         | \$ 842,921          | \$ 842,568          | \$ 19,687         |
| Total assets                                      | <u>\$ 19,334</u>  | <u>\$ 842,921</u>   | <u>\$ 842,568</u>   | <u>\$ 19,687</u>  |
| Liabilities:                                      |                   |                     |                     |                   |
| Accounts / escrows payable                        | \$ 19,334         | \$ 842,921          | \$ 842,568          | \$ 19,687         |
| Total liabilities                                 | <u>\$ 19,334</u>  | <u>\$ 842,921</u>   | <u>\$ 842,568</u>   | <u>\$ 19,687</u>  |

continued on next page

**State of Indiana**  
**Combining Statement of Changes In Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2014**

(amounts expressed in thousands)

|   | Balance, July 1   | Additions           | Deductions          | Balance, June 30  |
|---|-------------------|---------------------|---------------------|-------------------|
| <b>Department of Insurance</b>          |                   |                     |                     |                   |
| Assets:                                 |                   |                     |                     |                   |
| Cash, cash equivalents, and investments | \$ 253,072        | \$ 9,094            | \$ 12,085           | \$ 250,081        |
| Total assets                            | <u>\$ 253,072</u> | <u>\$ 9,094</u>     | <u>\$ 12,085</u>    | <u>\$ 250,081</u> |
| Liabilities:                            |                   |                     |                     |                   |
| Accounts / escrows payable              | \$ 253,072        | \$ 9,094            | \$ 12,085           | \$ 250,081        |
| Total liabilities                       | <u>\$ 253,072</u> | <u>\$ 9,094</u>     | <u>\$ 12,085</u>    | <u>\$ 250,081</u> |
| <b>Other Agency Funds</b>               |                   |                     |                     |                   |
| Assets:                                 |                   |                     |                     |                   |
| Cash, cash equivalents, and investments | \$ 79,509         | \$ 778,234          | \$ 771,144          | \$ 86,599         |
| Receivables                             | 16,635            | 17,384              | 16,635              | 17,384            |
| Total assets                            | <u>\$ 96,144</u>  | <u>\$ 795,618</u>   | <u>\$ 787,779</u>   | <u>\$ 103,983</u> |
| Liabilities:                            |                   |                     |                     |                   |
| Accounts / escrows payable              | \$ 96,144         | \$ 795,618          | \$ 787,779          | \$ 103,983        |
| Total liabilities                       | <u>\$ 96,144</u>  | <u>\$ 795,618</u>   | <u>\$ 787,779</u>   | <u>\$ 103,983</u> |
| <b>Total Agency Funds</b>               |                   |                     |                     |                   |
| Assets:                                 |                   |                     |                     |                   |
| Cash, cash equivalents, and investments | \$ 517,084        | \$ 5,626,181        | \$ 5,533,610        | \$ 609,655        |
| Receivables                             | 168,604           | 183,681             | 168,604             | 183,681           |
| Total assets                            | <u>\$ 685,688</u> | <u>\$ 5,809,862</u> | <u>\$ 5,702,214</u> | <u>\$ 793,336</u> |
| Liabilities:                            |                   |                     |                     |                   |
| Accounts / escrows payable              | \$ 685,688        | \$ 5,809,862        | \$ 5,702,214        | \$ 793,336        |
| Total liabilities                       | <u>\$ 685,688</u> | <u>\$ 5,809,862</u> | <u>\$ 5,702,214</u> | <u>\$ 793,336</u> |



## NON-MAJOR DISCRETELY PRESENTED COMPONENT UNITS

### GOVERNMENTAL FUNDS

Governmental component units represent funds that are legally separate from the State of Indiana, but provide valuable and beneficial services to the State and its citizens. The non-major discretely presented component unit consists of the following governmental fund:

**Indiana Economic Development Corporation** – The responsibility of this corporation is to improve the quality of life for the citizens of Indiana by encouraging the diversification of Indiana's economy, by the orderly economic development and growth of Indiana, the creation of new jobs, the growth and modernization of existing industry and the promotion of Indiana.

### PROPRIETARY FUNDS

Proprietary component units represent funds that are legally separate from the State of Indiana, but provide valuable and beneficial services to the State and its citizens. The non-major discretely presented component units consist of the following proprietary funds:

**Indiana Stadium and Convention Building Authority** – The authority's responsibility is to finance, design, construct and own the new Indiana Stadium in Indianapolis and the expansion of the adjacent Indiana Convention Center.

**Indiana Bond Bank** – The Bond Bank issues debt obligations and invests the proceeds in various projects of State and local governments.

**Indiana Housing and Community Development Authority** – The authority's purpose is to finance residential housing for persons and families of low and moderate incomes.

**Indiana Board for Depositories** – The board is responsible to ensure the safekeeping and prompt payment of all public funds deposited in Indiana banks. It provides insurance on public funds in excess of the Federal Deposit Insurance Corporation limit.

**Indiana Secondary Market for Education Loans Inc.** – The company is responsible for purchasing education loans in the secondary market.

**White River State Park Development Commission** – The responsibility of this commission is to design and implement a plan for the establishment and development of park, exposition, educational, athletic, and recreational projects to be located within one mile from the banks of the Indiana White River in a consolidated first-class city and county.

**Ports of Indiana** – The responsibility of this commission is to construct, maintain, and operate public ports with terminal facilities and traffic exchange points for all forms of transportation on Lake Michigan and the Ohio and Wabash Rivers.

**State Fair Commission** – This commission is responsible for holding the annual Indiana State Fair and for operating and maintaining the State Fairgrounds and other properties it owns.

**Indiana Comprehensive Health Insurance Association** – The responsibility of this Association is to assure that health insurance is made available throughout the year to each eligible Indiana resident applying to the Association for coverage.

**Indiana Political Subdivision Risk Management Commission** – This commission is responsible for administering the Basic and Catastrophic funds that aid political subdivisions in protecting themselves against liabilities.

**Indiana State Museum and Historic Sites Corporation** – The responsibility of this corporation is to operate and administer the state historic sites including the Indiana State Museum which collects, conserves and exhibits artifacts and materials reflecting the cultural and natural history of Indiana.



## COLLEGES AND UNIVERSITIES

College and university funds are used to account for the operations of state-supported colleges and universities. The non-major discretely presented component units consist of the following institutions:

Ball State University  
Indiana State University  
Ivy Tech Community College of Indiana  
University of Southern Indiana  
Vincennes University

**State of Indiana**  
**Combining Statement of Net Position**  
**Non-Major Discretely Presented Component Units -**  
**Governmental Funds**  
**June 30, 2014**

(amounts expressed in thousands)

|  | Indiana Economic<br>Development<br>Corporation | Totals            |
|--|--|-------------------|
| <b>Assets</b>  |  |                   |
| Current assets:  |  |                   |
| Cash, cash equivalents and investments - unrestricted  | \$ 148,013                                     | \$ 148,013        |
| Cash, cash equivalents and investments - restricted    | 300  | 300               |
| Receivables (net)                                      | 845  | 845               |
| Total current assets                                   | 149,158  | 149,158           |
| Noncurrent assets:                                     |  |                   |
| Loans  | 37,114   | 37,114            |
| Capital assets:  |  |                   |
| Capital assets being depreciated/amortized             | 440  | 440               |
| less accumulated depreciation/amortization             | (287)  | (287)             |
| Total capital assets, net of depreciation/amortization | 153  | 153               |
| Total noncurrent assets                                | 37,267   | 37,267            |
| <b>Total assets</b>                                    | <b>186,425</b>                                 | <b>186,425</b>    |
| <b>Liabilities</b>                                     |  |                   |
| Current liabilities:                                   |  |                   |
| Accounts payable                                       | 3,416  | 3,416             |
| Unearned revenue                                       | 12,892   | 12,892            |
| Other liabilities                                      | 346  | 346               |
| Current portion of long-term liabilities               | 258  | 258               |
| Total current liabilities                              | 16,912   | 16,912            |
| <b>Total liabilities</b>                               | <b>16,912</b>                                  | <b>16,912</b>     |
| <b>NET POSITION</b>                                    |  |                   |
| Net investment in capital assets                       | 154  | 154               |
| Restricted - expendable:                               |  |                   |
| Other purposes   | 569  | 569               |
| Unrestricted   | 168,790  | 168,790           |
| <b>Total net position</b>                              | <b>\$ 169,513</b>                              | <b>\$ 169,513</b> |

**State of Indiana**  
**Combining Statement of Activities**  
**Non-Major Discretely Presented Component Units -**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2014**  
(amounts expressed in thousands)

|  | Program Revenues |                         |                                       | Net (Expense) Revenue and Changes<br>in Net Position |   |                    |
|--|------------------|-------------------------|---------------------------------------|--|---|--------------------|
|  | Expenses         | Charges for<br>Services | Operating Grants<br>and Contributions | Capital Grants<br>and Contributions                  | Indiana<br>Economic<br>Development<br>Corporation | Total              |
| Indiana Economic Development Corporation | \$ 56,390        | \$ 189                  | \$ 4,354                              | \$ -   | \$ (51,847)                                       | \$ (51,847)        |
| Total component units                    | <u>\$ 56,390</u> | <u>\$ 189</u>           | <u>\$ 4,354</u>                       | <u>\$ -</u>  | <u>\$ (51,847)</u>                                | <u>\$ (51,847)</u> |
| General Revenues:                        |                  |                         |                                       |  |   |                    |
| Gaming tax                               |                  |                         |                                       |  | 835   | 835                |
| Investment earnings                      |                  |                         |                                       |  | 101   | 101                |
| Payments from State of Indiana           |                  |                         |                                       |  | 51,790  | 51,790             |
| Total general revenues                   |                  |                         |                                       |  | <u>52,726</u>                                     | <u>52,726</u>      |
| Changes in net position                  |                  |                         |                                       |  | 879   | 879                |
| Net position - beginning                 |                  |                         |                                       |  | 168,634   | 168,634            |
| Net position - ending                    |                  |                         |                                       |  | <u>\$ 169,513</u>                                 | <u>\$ 169,513</u>  |

**State of Indiana**  
**Combining Statement of Net Position**  
**Non-Major Discretely Presented Component Units -**  
**Proprietary Funds**  
**June 30, 2014**  
(amounts expressed in thousands)

|   | Indiana Stadium and<br>Convention Building<br>Authority | Indiana Bond Bank | Indiana Housing and<br>Community<br>Development Authority | Indiana Board for<br>Depositories | Indiana Secondary<br>Market for Education<br>Loans Inc. |
|---|---|-------------------|---|-----------------------------------|---|
| <b>Assets</b>   |   |                   |   |                                   |   |
| Current assets:   |   |                   |   |                                   |   |
| Cash, cash equivalents and investments - unrestricted     | \$ 53,256   | \$ -              | \$ 54,017   | \$ 165,066                        | \$ 135,521  |
| Cash, cash equivalents and investments - restricted       | -   | 84,908            | 203,405   | -                                 | 2,000   |
| Receivables (net)   | 1,710   | 231,646           | 12,853  | 191                               | 4,153   |
| Due from primary government                               | -   | -                 | -   | 5,000                             | -   |
| Inventory   | -   | -                 | -   | -                                 | -   |
| Prepaid expenses  | -   | -                 | -   | 6                                 | 139   |
| Loans   | -   | -                 | 7,153   | -                                 | 11,309  |
| Investment in direct financing lease                      | 1,325   | -                 | -   | -                                 | -   |
| Other assets  | -   | -                 | 1,949   | -                                 | -   |
| <b>Total current assets</b>                               | <b>56,291</b>   | <b>316,554</b>    | <b>279,377</b>  | <b>170,263</b>                    | <b>153,122</b>  |
| Noncurrent assets:  |   |                   |   |                                   |   |
| Cash, cash equivalents and investments - unrestricted     | -   | -                 | 122,292   | 90,277                            | 9,203   |
| Cash, cash equivalents and investments - restricted       | -   | 28,546            | 687,881   | -                                 | -   |
| Receivables (net)   | -   | 1,281,361         | -   | -                                 | -   |
| Due from primary government                               | -   | -                 | -   | 40,000                            | -   |
| Loans   | -   | -                 | 52,251  | -                                 | 145,763   |
| Investment in direct financing lease                      | 952,421   | -                 | -   | -                                 | -   |
| Other assets  | -   | -                 | -   | -                                 | -   |
| Capital assets:   |   |                   |   |                                   |   |
| Capital assets not being depreciated/amortized            | -   | -                 | -   | -                                 | -   |
| Capital assets being depreciated/amortized                | -   | -                 | 7,748   | 212                               | 1,452   |
| less accumulated depreciation/amortization                | -   | -                 | (4,779)   | (200)                             | (1,344)   |
| Total capital assets, net of depreciation/amortization    | -   | -                 | 2,969   | 12                                | 108   |
| <b>Total noncurrent assets</b>                            | <b>952,421</b>  | <b>1,309,907</b>  | <b>865,393</b>  | <b>130,289</b>                    | <b>155,074</b>  |
| <b>Total assets</b>                                       | <b>1,008,712</b>  | <b>1,626,461</b>  | <b>1,144,770</b>  | <b>300,552</b>                    | <b>308,196</b>  |
| <b>Deferred Outflows of Resources</b>                     |   |                   |   |                                   |   |
| Accumulated decrease in fair value of hedging derivatives | 161,879   | 12,288            | 5,000   | -                                 | -   |
| Deferred debt refunding loss                              | -   | 17,513            | 5,896   | -                                 | -   |
| <b>Total deferred outflows of resources</b>               | <b>161,879</b>  | <b>29,801</b>     | <b>10,896</b>   | <b>-</b>                          | <b>-</b>  |
| <b>Liabilities</b>  |   |                   |   |                                   |   |
| Current liabilities:                                      |   |                   |   |                                   |   |
| Accounts payable  | 14  | 1,006             | 5,468   | 17                                | 1,162   |
| Interest payable  | 8,582   | 20,319            | 8,581   | -                                 | 42  |
| Unearned revenue  | -   | -                 | 49,113  | -                                 | -   |
| Accrued liability for compensated absences                | -   | -                 | -   | -                                 | -   |
| Other liabilities   | -   | 32,705            | -   | 1                                 | -   |
| Current portion of long-term liabilities                  | 1,325   | 259,304           | 11,810  | -                                 | -   |
| <b>Total current liabilities</b>                          | <b>9,921</b>  | <b>313,334</b>    | <b>74,972</b>   | <b>18</b>                         | <b>1,204</b>  |
| Noncurrent liabilities:                                   |   |                   |   |                                   |   |
| Accrued liability for compensated absences                | -   | -                 | -   | -                                 | -   |
| Net pension and OPEB liabilities                          | -   | -                 | -   | -                                 | -   |
| Unearned revenue  | -   | 486               | -   | -                                 | -   |
| Revenue bonds/notes payable                               | 974,985   | 1,318,119         | 691,189   | -                                 | 168,650   |
| Derivative instrument liability                           | 161,879   | 12,288            | 5,000   | -                                 | -   |
| Other noncurrent liabilities                              | 835   | -                 | -   | -                                 | -   |
| <b>Total noncurrent liabilities</b>                       | <b>1,137,699</b>  | <b>1,330,893</b>  | <b>696,189</b>  | <b>-</b>                          | <b>168,650</b>  |
| <b>Total liabilities</b>                                  | <b>1,147,620</b>  | <b>1,644,227</b>  | <b>771,161</b>  | <b>18</b>                         | <b>169,854</b>  |
| <b>Net Position</b>                                       |   |                   |   |                                   |   |
| Net investment in capital assets                          | -   | -                 | 2,969   | 12                                | 108   |
| Restricted - nonexpendable:                               |   |                   |   |                                   |   |
| Permanent funds   | -   | -                 | -   | -                                 | -   |
| Restricted - expendable:                                  |   |                   |   |                                   |   |
| Grants/constitutional restrictions                        | 22,971  | -                 | 112,535   | -                                 | -   |
| Future debt service                                       | -   | -                 | 87,338  | -                                 | 2,000   |
| Student aid   | -   | -                 | -   | -                                 | -   |
| Endowments  | -   | -                 | -   | -                                 | -   |
| Capital projects  | -   | -                 | -   | -                                 | -   |
| Other purposes  | -   | -                 | -   | -                                 | -   |
| Unrestricted  | -   | 12,035            | 181,663   | 300,522                           | 136,234   |
| <b>Total net position</b>                                 | <b>\$ 22,971</b>  | <b>\$ 12,035</b>  | <b>\$ 384,505</b>   | <b>\$ 300,534</b>                 | <b>\$ 138,342</b>                                       |

| White River State Park<br>Development<br>Commission | Ports of Indiana         | Indiana State Fair<br>Commission | Indiana<br>Comprehensive Health<br>Insurance Association | Indiana Political<br>Subdivision Risk<br>Management<br>Commission | Indiana State Museum<br>and Historic Sites<br>Corporation | Totals                     |
|---|--------------------------|----------------------------------|--|---|---|----------------------------|
| \$ 3,795  | \$ 22,214                | \$ 6,476                         | \$ 7,888   | \$ 9,504  | \$ 423  | \$ 458,160                 |
| 622   | -                        | 6,005                            | -  | -   | 3,897   | 300,837                    |
| 101   | 485                      | 2,214                            | 15,885   | 5   | 1,324   | 270,567                    |
| -   | -                        | 287                              | -  | -   | -   | 5,287                      |
| 11  | -                        | 17                               | -  | -   | 178   | 206                        |
| 117   | 253                      | 63                               | -  | -   | 603   | 1,181                      |
| -   | -                        | -                                | -  | -   | -   | 18,462                     |
| -   | 86                       | -                                | -  | -   | -   | 1,411                      |
| -   | -                        | -                                | -  | -   | -   | 1,949                      |
| <u>4,646</u>  | <u>23,038</u>            | <u>15,062</u>                    | <u>23,773</u>  | <u>9,509</u>  | <u>6,425</u>  | <u>1,058,060</u>           |
| 75  | -                        | -                                | -  | -   | -   | 221,847                    |
| 200   | -                        | -                                | -  | -   | 1,269   | 717,896                    |
| -   | -                        | -                                | -  | -   | 387   | 1,281,748                  |
| -   | -                        | -                                | -  | -   | -   | 40,000                     |
| -   | -                        | -                                | -  | -   | -   | 198,014                    |
| -   | -                        | -                                | -  | -   | -   | 952,421                    |
| -   | -                        | -                                | -  | -   | 178   | 178                        |
| 79,823  | 28,749                   | 44,097                           | -  | -   | -   | 152,669                    |
| 40,538  | 131,146                  | 97,336                           | -  | -   | 1,123   | 279,555                    |
| (16,616)  | (63,711)                 | (62,052)                         | -  | -   | (583)   | (149,285)                  |
| <u>103,745</u>                                      | <u>96,184</u>            | <u>79,381</u>                    | <u>-</u>   | <u>-</u>  | <u>540</u>  | <u>282,939</u>             |
| 104,020   | 96,184                   | 79,381                           | -  | -   | 2,374   | 3,695,043                  |
| <b><u>108,666</u></b>                               | <b><u>119,222</u></b>    | <b><u>94,443</u></b>             | <b><u>23,773</u></b>                                     | <b><u>9,509</u></b>   | <b><u>8,799</u></b>                                       | <b><u>4,753,103</u></b>    |
| -   | -                        | -                                | -  | -   | -   | 179,167                    |
| -   | -                        | -                                | -  | -   | -   | 23,409                     |
| -   | -                        | -                                | -  | -   | -   | <b><u>202,576</u></b>      |
| 592   | 938                      | 720                              | 12,008   | 19  | 767   | 22,711                     |
| -   | -                        | -                                | -  | -   | -   | 37,524                     |
| -   | -                        | 179                              | 4,949  | -   | 190   | 54,431                     |
| -   | -                        | 213                              | -  | -   | -   | 213                        |
| -   | 790                      | 7                                | 780  | -   | 227   | 34,510                     |
| -   | -                        | 2,906                            | -  | -   | -   | 275,345                    |
| <u>592</u>  | <u>1,728</u>             | <u>4,025</u>                     | <u>17,737</u>  | <u>19</u>   | <u>1,184</u>  | <u>424,734</u>             |
| -   | -                        | 135                              | -  | -   | -   | 135                        |
| -   | -                        | 22                               | -  | -   | -   | 22                         |
| -   | -                        | -                                | -  | -   | -   | 486                        |
| -   | -                        | -                                | -  | -   | -   | 3,152,943                  |
| -   | -                        | -                                | -  | -   | -   | 179,167                    |
| -   | -                        | 41,962                           | -  | -   | 21  | 42,818                     |
| -   | -                        | 42,119                           | -  | -   | 21  | 3,375,571                  |
| <b><u>592</u></b>                                   | <b><u>1,728</u></b>      | <b><u>46,144</u></b>             | <b><u>17,737</u></b>                                     | <b><u>19</u></b>  | <b><u>1,205</u></b>                                       | <b><u>3,800,305</u></b>    |
| 103,745   | 95,472                   | 34,281                           | -  | -   | 540   | 237,127                    |
| -   | -                        | -                                | -  | -   | 777   | 777                        |
| 57  | -                        | -                                | -  | -   | 1,278   | 136,841                    |
| -   | -                        | 5,767                            | -  | -   | -   | 95,105                     |
| 66  | -                        | -                                | -  | -   | -   | 66                         |
| -   | -                        | -                                | -  | -   | 450   | 450                        |
| 699   | -                        | 200                              | -  | -   | 1,926   | 2,825                      |
| -   | -                        | 38                               | -  | -   | 386   | 424                        |
| <u>3,507</u>  | <u>22,022</u>            | <u>8,013</u>                     | <u>6,036</u>   | <u>9,490</u>  | <u>2,237</u>  | <u>681,759</u>             |
| <b><u>\$ 108,074</u></b>                            | <b><u>\$ 117,494</u></b> | <b><u>\$ 48,299</u></b>          | <b><u>\$ 6,036</u></b>                                   | <b><u>\$ 9,490</u></b>  | <b><u>\$ 7,594</u></b>                                    | <b><u>\$ 1,155,374</u></b> |

State of Indiana

Combining Statement of Activities

Non-Major Discretely Presented Component Units -

Proprietary Funds

For the Fiscal Year Ended June 30, 2014

(amounts expressed in thousands)

| Program Revenues   |                      |                                    |                                  |   | Net (Expense) Revenue and Changes in Net Position |   |                                |  |
|--|----------------------|------------------------------------|----------------------------------|---|---|---|--------------------------------|--|
| Expenses   | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Indiana Stadium and Convention Building Authority | Indian Bond Bank                                  | Indiana Housing and Community Development Authority | Indiana Board for Depositories |  |
| \$ 50,106  | \$ 54,335            | \$ 4,100                           | \$ -                             | \$ 8,329  | \$ -  | \$ -  | \$ -                           |  |
| Indiana Stadium and Convention Building Authority        |                      | 67,395                             | -                                | -   | 2,830   | -   | -                              |  |
| Indiana Bond Bank  | 706                  |                                    |                                  |   |   |   |                                |  |
| Indiana Housing and Community Development Authority      | 38,801               | 378,033                            | -                                | -   |   | 12,473  | -                              |  |
| Indiana Board for Depositories                           | 348                  | 741                                | -                                | -   | -   | -   | 393                            |  |
| Indiana Secondary Market for Education Loans Inc.        | 3,595                | 3,034                              | -                                | -   | -   | -   | -                              |  |
| White River State Park Development Commission            | 4,165                | 1                                  | -                                | -   | -   | -   | -                              |  |
| Ports of Indiana   | 2,257                |                                    | 648                              | -   | -   | -   | -                              |  |
| Indiana State Fair Commission                            | 11,627               |                                    |                                  | -   | -   | -   | -                              |  |
| Indiana Comprehensive Health Insurance Association       | 25,267               | 437                                | 2,274                            | -   | -   | -   | -                              |  |
| Indiana Political Subdivision Risk Management Commission | 159,336              | 1,612                              | -                                | -   | -   | -   | -                              |  |
| Indiana State Museum and Historic Sites Corporation      | 137                  | -                                  | -                                | -   | -   | -   | -                              |  |
|  | 13,169               | 1,405                              | -                                | -   | -   | -   | -                              |  |
| Total component units                                    | \$ 286,304           | \$ 456,758                         | \$ 2,922                         | \$ 8,329  | \$ 2,830  | \$ 12,473   | \$ 393                         |  |
| General revenues:  |                      |                                    |                                  |   |   |   |                                |  |
| Investment earnings                                      |                      |                                    |                                  | 23  | 67  | (44,441)  | -                              |  |
| Payments from State of Indiana                           |                      |                                    |                                  | -   | -   | -   | -                              |  |
| Other  |                      |                                    |                                  | -   | -   | -   | -                              |  |
| Total general revenues                                   |                      |                                    |                                  | 23  | 67  | (44,441)  | -                              |  |
| Change in net position                                   |                      |                                    |                                  | 8,352   | 2,897   | (31,968)  | 393                            |  |
| Net position - beginning                                 |                      |                                    |                                  | 14,619  | 9,138   | 416,473   | 300,141                        |  |
| Net position - ending                                    |                      |                                    |                                  | \$ 22,971   | \$ 12,035   | \$ 384,505  | \$ 300,534                     |  |

**State of Indiana**  
**Combining Statement of Activities**  
**Non-Major Discretely Presented Component Units -**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2014**  
(amounts expressed in thousands)

| Net (Expense) Revenue and Changes in Net Position        |   |  |                  |                                  |   |   |  |              |  |
|--|---|--|------------------|----------------------------------|---|---|--|--------------|--|
|  | Indiana<br>Secondary<br>Market for<br>Education Loans<br>Inc. | White River State<br>Park<br>Development<br>Commission | Ports of Indiana | Indiana State<br>Fair Commission | Indiana<br>Comprehensive<br>Health Insurance<br>Association | Indiana Political<br>Subdivision Risk<br>Management<br>Commission | Indiana State<br>Museum and<br>Historic Sites<br>Corporation | Total        |  |
| Indiana Stadium and Convention Building Authority        | \$ -  | \$ -   | \$ -             | \$ -                             | \$ -  | -   | \$ -   | 8,329        |  |
| Indiana Bond Bank  | -   | -  | -                | -                                | -   | -   | -  | 2,830        |  |
| Indiana Housing and Community Development Authority      | -   | -  | -                | -                                | -   | -   | -  | 12,473       |  |
| Indiana Board for Depositories                           | -   | -  | -                | -                                | -   | -   | -  | 393          |  |
| Indiana Secondary Market for Education Loans Inc.        | (561)   | -  | -                | -                                | -   | -   | -  | (561)        |  |
| White River State Park Development Commission            | -   | (1,907)  | -                | -                                | -   | -   | -  | (1,907)      |  |
| Ports of Indiana   | -   | -  | 4,596            | -                                | -   | -   | -  | 4,596        |  |
| Indiana State Fair Commission                            | -   | -  | -                | (6,607)                          | -   | -   | -  | (6,607)      |  |
| Indiana Comprehensive Health Insurance Association       | -   | -  | -                | -                                | 25,305  | -   | -  | 25,305       |  |
| Indiana Political Subdivision Risk Management Commission | -   | -  | -                | -                                | -   | 11  | -  | 11           |  |
| Indiana State Museum and Historic Sites Corporation      | -   | -  | -                | -                                | -   | -   | (8,619)  | (8,619)      |  |
| Total component units                                    | (561)   | (1,907)  | 4,596            | (6,607)                          | 25,305  | 11  | (8,619)  | 36,243       |  |
| General revenues:  |   |  |                  |                                  |   |   |  |              |  |
| Investment earnings                                      | 740   | 7  | 2                | 1,167                            | 5   | 18  | 224  | (42,188)     |  |
| Payments from State of Indiana                           | -   | 754  | -                | 7,756                            | -   | -   | 9,508  | 18,018       |  |
| Other  | -   | -  | 202              | -                                | -   | -   | -  | 202          |  |
| Total general revenues                                   | 740   | 761  | 204              | 8,923                            | 5   | 18  | 9,732  | (23,968)     |  |
| Change in net position                                   | 179   | (1,146)  | 4,800            | 2,316                            | 25,310  | 29  | 1,113  | 12,275       |  |
| Net position - beginning                                 | 138,163   | 109,220  | 112,694          | 45,983                           | (19,274)  | 9,461   | 6,481  | 1,143,099    |  |
| Net position - ending                                    | \$ 138,342  | \$ 108,074   | \$ 117,494       | \$ 48,299                        | \$ 6,036  | \$ 9,490  | \$ 7,594   | \$ 1,155,374 |  |

**State of Indiana**  
**Combining Statement of Net Position**  
**Discretely Presented Component Units -**  
**Colleges and Universities**  
**June 30, 2014**  
(amounts expressed in thousands)

|   | Ball State<br>University | Indiana State<br>University | Ivy Tech<br>Community<br>College | University of<br>Southern Indiana | Vincennes<br>University | Totals              |
|---|--------------------------|-----------------------------|----------------------------------|-----------------------------------|-------------------------|---------------------|
| <b>Assets</b>   |                          |                             |                                  |                                   |                         |                     |
| Current assets:   |                          |                             |                                  |                                   |                         |                     |
| Cash, cash equivalents and investments - unrestricted     | \$ 86,895                | \$ 47,126                   | \$ 147,773                       | \$ 43,722                         | \$ 29,711               | \$ 355,227          |
| Cash, cash equivalents and investments - restricted       | 37,100                   | 2,653                       | 17,866                           | 3,753                             | 4,709                   | 66,081              |
| Receivables (net)   | 32,076                   | 16,551                      | 32,753                           | 15,268                            | 8,984                   | 105,632             |
| Due from primary government                               | 11,842                   | 1,756                       | -                                | -                                 | 4,008                   | 17,606              |
| Inventory   | 1,263                    | 162                         | -                                | 1,676                             | 2,045                   | 5,146               |
| Prepaid expenses  | 1,908                    | 1,661                       | 67                               | 119                               | 301                     | 4,056               |
| Other assets  | 18,251                   | -                           | 47,765                           | 1,031                             | 293                     | 67,340              |
| <b>Total current assets</b>                               | <b>189,335</b>           | <b>69,909</b>               | <b>246,224</b>                   | <b>65,569</b>                     | <b>50,051</b>           | <b>621,088</b>      |
| Noncurrent assets:  |                          |                             |                                  |                                   |                         |                     |
| Cash, cash equivalents and investments - unrestricted     | 159,707                  | 117,000                     | 200,583                          | 57,664                            | 92,444                  | 627,398             |
| Cash, cash equivalents and investments - restricted       | 210,864                  | 62,754                      | 29,297                           | 97,488                            | 79,918                  | 480,321             |
| Receivables (net)   | 9,033                    | 9,179                       | 34,023                           | -                                 | 609                     | 52,844              |
| Net pension and OPEB assets                               | 8,841                    | 16,327                      | -                                | -                                 | 10,675                  | 35,843              |
| Other assets  | 5,969                    | 5,973                       | 10,750                           | 5,299                             | 222                     | 28,213              |
| Capital assets:   |                          |                             |                                  |                                   |                         |                     |
| Capital assets not being depreciated/amortized            | 73,165                   | 67,833                      | 57,123                           | 21,677                            | 26,569                  | 246,367             |
| Capital assets being depreciated/amortized                | 922,312                  | 581,064                     | 852,134                          | 315,178                           | 304,291                 | 2,974,979           |
| less accumulated depreciation/amortization                | (355,267)                | (263,305)                   | (267,779)                        | (154,931)                         | (119,906)               | (1,161,188)         |
| Total capital assets, net of depreciation/amortization    | 640,210                  | 385,592                     | 641,478                          | 181,924                           | 210,954                 | 2,060,158           |
| <b>Total noncurrent assets</b>                            | <b>1,034,624</b>         | <b>596,825</b>              | <b>916,131</b>                   | <b>342,375</b>                    | <b>394,822</b>          | <b>3,284,777</b>    |
| <b>Total assets</b>                                       | <b>1,223,959</b>         | <b>666,734</b>              | <b>1,162,355</b>                 | <b>407,944</b>                    | <b>444,873</b>          | <b>3,905,865</b>    |
| <b>Deferred Outflows of Resources</b>                     |                          |                             |                                  |                                   |                         |                     |
| Accumulated decrease in fair value of hedging derivatives | -                        | -                           | -                                | 1,915                             | 174                     | 2,089               |
| Deferred debt refunding loss                              | -                        | 1,937                       | 670                              | -                                 | -                       | 2,607               |
| <b>Total deferred outflows of resources</b>               | <b>-</b>                 | <b>1,937</b>                | <b>670</b>                       | <b>1,915</b>                      | <b>174</b>              | <b>4,696</b>        |
| <b>Liabilities</b>  |                          |                             |                                  |                                   |                         |                     |
| Current liabilities:                                      |                          |                             |                                  |                                   |                         |                     |
| Accounts payable  | 26,012                   | 8,758                       | 40,075                           | 7,496                             | 6,716                   | 89,057              |
| Interest payable  | -                        | 1,432                       | -                                | 1,504                             | 362                     | 3,298               |
| Unearned revenue  | 539                      | 1,101                       | 16,278                           | 1,592                             | 3,221                   | 22,731              |
| Accrued liability for compensated absences                | 46                       | 3,750                       | 9,439                            | 346                               | 1,145                   | 14,726              |
| Other liabilities   | 7,752                    | 7,014                       | 6,101                            | 3,818                             | 4,992                   | 29,677              |
| Current portion of long-term liabilities                  | 13,350                   | 10,346                      | 25,327                           | 11,423                            | 4,685                   | 65,131              |
| <b>Total current liabilities</b>                          | <b>47,699</b>            | <b>32,401</b>               | <b>97,220</b>                    | <b>26,179</b>                     | <b>21,121</b>           | <b>224,620</b>      |
| Noncurrent liabilities:                                   |                          |                             |                                  |                                   |                         |                     |
| Accrued liability for compensated absences                | 7,357                    | 549                         | 4,654                            | 2,509                             | -                       | 15,069              |
| Other postemployment benefits                             | -                        | -                           | 20,927                           | 10,894                            | -                       | 31,821              |
| Unearned revenue  | -                        | 2                           | -                                | -                                 | -                       | 2                   |
| Funds held in trust for others                            | -                        | -                           | -                                | -                                 | 41,908                  | 41,908              |
| Advances from federal government                          | -                        | 7,589                       | -                                | -                                 | 1,116                   | 8,705               |
| Revenue bonds/notes payable                               | 222,376                  | 148,561                     | 386,235                          | 112,211                           | 61,021                  | 930,404             |
| Derivative instrument liability                           | -                        | -                           | -                                | 1,915                             | 174                     | 2,089               |
| Other noncurrent liabilities                              | 11,272                   | 4,125                       | 339                              | 46                                | -                       | 15,782              |
| <b>Total noncurrent liabilities</b>                       | <b>241,005</b>           | <b>160,826</b>              | <b>412,155</b>                   | <b>127,575</b>                    | <b>104,219</b>          | <b>1,045,780</b>    |
| <b>Total liabilities</b>                                  | <b>288,704</b>           | <b>193,227</b>              | <b>509,375</b>                   | <b>153,754</b>                    | <b>125,340</b>          | <b>1,270,400</b>    |
| <b>Deferred Inflows of Resources</b>                      |                          |                             |                                  |                                   |                         |                     |
| Deferred service concession arrangement receipts          | -                        | 1,698                       | -                                | -                                 | -                       | 1,698               |
| <b>Total deferred inflows of resources</b>                | <b>-</b>                 | <b>1,698</b>                | <b>-</b>                         | <b>-</b>                          | <b>-</b>                | <b>1,698</b>        |
| <b>Net Position</b>                                       |                          |                             |                                  |                                   |                         |                     |
| Net investment in capital assets                          | 420,355                  | 254,989                     | 247,421                          | 56,486                            | 144,956                 | 1,124,207           |
| Restricted - nonexpendable:                               |                          |                             |                                  |                                   |                         |                     |
| Permanent funds   | -                        | 38,452                      | -                                | -                                 | -                       | 38,452              |
| Instruction and research                                  | 24,062                   | -                           | 1,300                            | 7,217                             | -                       | 32,579              |
| Student aid   | 39,755                   | 717                         | 22,385                           | 25,455                            | 18,837                  | 107,149             |
| Other purposes  | 8,257                    | 1,859                       | 2,650                            | 7,084                             | 4,331                   | 24,181              |
| Restricted - expendable:                                  |                          |                             |                                  |                                   |                         |                     |
| Grants/constitutional restrictions                        | 3,561                    | 6,166                       | 12,958                           | -                                 | 2,626                   | 25,311              |
| Future debt service                                       | 3,661                    | -                           | -                                | 119                               | -                       | 3,780               |
| Instruction and research                                  | 60,924                   | 4,298                       | 182                              | 14,361                            | -                       | 79,765              |
| Student aid   | 47,547                   | 2,179                       | 4,331                            | 29,331                            | 9,100                   | 92,488              |
| Endowments  | -                        | 11,866                      | 3,540                            | -                                 | -                       | 15,406              |
| Capital projects  | 35,431                   | 5,048                       | 52,324                           | 5,470                             | 1,804                   | 100,077             |
| Other purposes  | 18,011                   | 2,686                       | 4,419                            | 9,044                             | 2,589                   | 36,749              |
| Unrestricted  | 273,691                  | 145,486                     | 302,140                          | 101,538                           | 135,464                 | 958,319             |
| <b>Total net position</b>                                 | <b>\$ 935,255</b>        | <b>\$ 473,746</b>           | <b>\$ 653,650</b>                | <b>\$ 256,105</b>                 | <b>\$ 319,707</b>       | <b>\$ 2,638,463</b> |



**State of Indiana**  
**Combining Statement of Activities**  
**Non-Major Discretely Presented Component Units -**  
**Colleges and Universities**  
**For the Year Ended June 30, 2014**  
(amounts expressed in thousands)

| Program Revenues               |                      |                                    |                                  | Net (Expense) Revenue and Changes in Net Assets |                          |                        |                                |                      |              |  |
|--------------------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|------------------------|--------------------------------|----------------------|--------------|--|
| Expenses                       | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Ball State University                           | Indiana State University | Ivy Tech State College | University of Southern Indiana | Vincennes University | Total        |  |
| Ball State University          | \$ 475,768           | \$ 21,035                          | \$ 18,347                        | \$ (199,062)                                    | \$ -                     | \$ -                   | \$ -                           | \$ -                 | \$ (199,062) |  |
| Indiana State University       | 235,802              | 17,896                             | 3,719                            | -   | (101,360)                | -                      | -                              | -                    | (101,360)    |  |
| Ivy Tech Community College     | 630,461              | 43,586                             | 3,098                            | -   | -                        | (425,254)              | -                              | -                    | (425,254)    |  |
| University of Southern Indiana | 146,190              | 29,742                             | 197                              | -   | -                        | -                      | (40,043)                       | -                    | (40,043)     |  |
| Vincennes University           | 121,783              | 19,482                             | 6,295                            | -   | -                        | -                      | -                              | (49,688)             | (49,688)     |  |
| Total component units          | \$ 1,610,004         | \$ 131,741                         | \$ 31,656                        | (199,062)                                       | (101,360)                | (425,254)              | (40,043)                       | (49,688)             | (815,407)    |  |
| General revenues:              |                      |                                    |                                  |   |                          |                        |                                |                      |              |  |
| Investment earnings            |                      |                                    |                                  | 31,065  | 16,446                   | 6,998                  | 15,639                         | 5,630                | 75,778       |  |
| Payments from State of Indiana |                      |                                    |                                  | 141,539   | 75,788                   | 234,180                | 54,414                         | 45,586               | 551,507      |  |
| Other                          |                      |                                    |                                  | 58,734  | 39,521                   | 233,277                | 2,651                          | 25,703               | 359,886      |  |
| Total general revenues         |                      |                                    |                                  | 231,338   | 131,755                  | 474,455                | 72,704                         | 76,919               | 987,171      |  |
| Change in net position         |                      |                                    |                                  | 32,276  | 30,395                   | 49,201                 | 32,661                         | 27,231               | 171,764      |  |
| Net position - beginning       |                      |                                    |                                  | 902,979   | 443,351                  | 604,449                | 223,444                        | 292,476              | 2,466,699    |  |
| Net position - ending          |                      |                                    |                                  | \$ 935,255                                      | \$ 473,746               | \$ 653,650             | \$ 256,105                     | \$ 319,707           | \$ 2,638,463 |  |



# STATISTICAL SECTION

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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

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# Indiana Baseball

Professional baseball was first played in Indianapolis in 1887. After 12 years of various franchises competing in several leagues, the current minor league Indianapolis Indians franchise was founded as an original member of the American Association in 1902. That year's team won 95 games and the first of 21 pennants.

The Cleveland Indians purchased the team in 1952, but after losing \$500,000 on the operation over four seasons, looked to move the team. The Indianapolis community rallied to save the Indians by selling stock in the team, and was so successful that the original 16,000-share purchase authorization was increased to 25,000 shares by the Secretary of State.

Former Indians player, manager and owner Owen J. Bush was named the first President of Indians, Inc. and held that position until 1969. Max Schumacher, who moved his way up from ticket manager to publicity director to club general manager, replaced Bush as the team's President. He is still the President and Chairman of the Board of Indians, Inc. Under his direction, the corporation has turned a profit for 28 consecutive years.

The team's history includes affiliations with several Major League clubs which led to many pennants and league championships. In 1996, the team moved downtown to their current location at Victory Field, which was dubbed 'the best minor league ballpark in America' in 1999 by Baseball America and in 2001 by Sports Illustrated.

STATISTICAL SECTION

The statistical section is presented to provide report users a historical perspective and assistance in assessing the current financial status and trends for the State.

FINANCIAL TRENDS

These schedules contain trend information to assist users in understanding and assessing how the State's financial position has changed over time.

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**State of Indiana**  
**Net Position by Component**

(accrual basis of accounting, dollars in thousands)

|   | Fiscal Year         |                     |                     |                     |                     |                       |                       |                       |                       |                     |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|
|   | 2005                | 2006                | 2007                | 2008                | 2009                | 2010                  | 2011                  | 2012                  | 2013                  | 2014                |
| <b>Governmental activities</b>              |                     |                     |                     |                     |                     |                       |                       |                       |                       |                     |
| Net investment in capital assets            |                     |                     |                     |                     |                     |                       |                       |                       |                       |                     |
| Restricted                                  | \$ 8,708,789        | \$ 8,764,090        | \$ 8,693,300        | \$ 9,381,292        | \$ 10,315,310       | \$ 10,722,683         | \$ 11,344,650         | \$ 12,175,413         | \$ 13,303,374         | \$ 13,873,849       |
| Unrestricted                                | 534,646             | 1,040,953           | 1,077,585           | 719,791             | 1,323,587           | 1,461,966             | 573,115               | 883,877               | 961,101               | 1,000,298           |
| Total governmental activities net position  | <u>\$ 1,763,055</u> | <u>\$ 6,534,414</u> | <u>\$ 7,101,915</u> | <u>\$ 7,513,441</u> | <u>\$ 6,534,641</u> | <u>\$ 5,728,165</u>   | <u>\$ 6,979,715</u>   | <u>\$ 6,158,902</u>   | <u>\$ 5,475,103</u>   | <u>\$ 5,639,328</u> |
|   | \$ 10,986,490       | \$ 16,339,457       | \$ 16,872,800       | \$ 17,614,524       | \$ 18,173,538       | \$ 17,912,814         | \$ 18,897,480         | \$ 19,218,192         | \$ 19,739,578         | \$ 20,513,475       |
| <b>Business-type activities</b>             |                     |                     |                     |                     |                     |                       |                       |                       |                       |                     |
| Net investment in capital assets            |                     |                     |                     |                     |                     |                       |                       |                       |                       |                     |
| Restricted                                  | \$ 11,893           | \$ 11,164           | \$ 11,106           | \$ 13,673           | \$ 122              | \$ 88                 | \$ 84                 | \$ 685                | \$ 664                | \$ 535              |
| Unrestricted                                | 452,708             | 448,929             | 342,192             | 301,054             | -                   | -                     | -                     | -                     | -                     | -                   |
| Total business-type activities net position | <u>\$ (4,278)</u>   | <u>\$ (1,336)</u>   | <u>\$ 183</u>       | <u>\$ 10,569</u>    | <u>\$ (785,205)</u> | <u>\$ (1,610,178)</u> | <u>\$ (1,690,540)</u> | <u>\$ (1,551,507)</u> | <u>\$ (1,213,658)</u> | <u>\$ (801,568)</u> |
|   | \$ 460,323          | \$ 458,757          | \$ 353,481          | \$ 325,296          | \$ (785,083)        | \$ (1,610,090)        | \$ (1,690,456)        | \$ (1,550,822)        | \$ (1,212,994)        | \$ (801,033)        |
| <b>Primary government</b>                   |                     |                     |                     |                     |                     |                       |                       |                       |                       |                     |
| Net investment in capital assets            |                     |                     |                     |                     |                     |                       |                       |                       |                       |                     |
| Restricted                                  | \$ 8,720,682        | \$ 8,775,254        | \$ 8,704,406        | \$ 9,394,965        | \$ 10,315,432       | \$ 10,722,771         | \$ 11,344,734         | \$ 12,176,098         | \$ 13,304,038         | \$ 13,874,384       |
| Unrestricted                                | 987,354             | 1,489,882           | 1,419,777           | 1,020,845           | 1,323,587           | 1,461,966             | 573,115               | 883,877               | 961,101               | 1,000,298           |
| Total primary government net position       | <u>\$ 1,748,777</u> | <u>\$ 6,533,078</u> | <u>\$ 7,102,098</u> | <u>\$ 7,524,010</u> | <u>\$ 5,749,436</u> | <u>\$ 4,117,987</u>   | <u>\$ 5,289,175</u>   | <u>\$ 4,607,395</u>   | <u>\$ 4,261,445</u>   | <u>\$ 4,837,760</u> |
|   | \$ 11,456,813       | \$ 16,798,214       | \$ 17,226,281       | \$ 17,939,820       | \$ 17,388,455       | \$ 16,302,724         | \$ 17,207,024         | \$ 17,667,370         | \$ 18,526,584         | \$ 19,712,442       |

**State of Indiana**  
**Changes in Net Position**  
*(accrual basis of accounting, dollars in thousands)*

|   | Fiscal Year     |                 |                 |                 |                 |                 |                 |                 |                 |                 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|   | 2005            | 2006            | 2007            | 2008            | 2009            | 2010            | 2011            | 2012            | 2013            | 2014            |
| <b>Expenses</b>                                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Governmental activities:                        |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| General government                              |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Public safety                                   | \$ 4,198,272    | \$ 2,969,671    | \$ 4,764,681    | \$ 5,163,869    | \$ 4,166,273    | \$ 1,659,190    | \$ 2,261,226    | \$ 2,642,907    | \$ 1,473,954    | \$ 1,449,872    |
| Health  | 1,207,563       | 1,181,061       | 1,250,115       | 1,381,648       | 1,467,650       | 1,496,660       | 1,357,672       | 1,330,270       | 1,525,459       | 1,425,313       |
| Welfare   | 426,531         | 333,740         | 343,586         | 387,354         | 369,434         | 394,570         | 344,115         | 305,202         | 409,096         | 350,621         |
| Conservation, culture, and development          | 7,297,887       | 7,261,688       | 7,974,068       | 9,201,141       | 8,939,383       | 9,785,881       | 9,805,753       | 11,157,839      | 12,557,829      | 12,493,256      |
| Education                                       | 507,990         | 546,489         | 534,993         | 581,548         | 673,972         | 590,275         | 529,963         | 589,351         | 536,561         | 523,548         |
| Transportation                                  | 6,598,563       | 6,971,170       | 7,012,838       | 7,367,214       | 8,926,507       | 10,308,922      | 10,367,047      | 10,277,480      | 10,136,572      | 10,568,092      |
| Unallocated interest expense                    | 1,658,504       | 1,726,735       | 1,770,703       | 1,297,521       | 1,267,572       | 1,907,655       | 1,748,590       | 1,533,603       | 1,809,690       | 1,797,686       |
| Total governmental activities expenses          | 750             | 787             | 758             | 724             | 732             | 592             | 796             | 662             | 216             | -               |
| Business-type activities:                       |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Toll roads                                      | 21,896,060      | 20,991,341      | 23,651,742      | 25,381,019      | 25,811,523      | 26,143,745      | 26,415,162      | 27,837,294      | 28,449,377      | 28,608,388      |
| Aviation technology bonds                       | -               | -               | -               | -               | -               | -               | -               | -               | -               | -               |
| Airport facilities revenue bonds                | -               | -               | -               | -               | -               | -               | -               | -               | -               | -               |
| State revolving fund                            | -               | -               | -               | -               | -               | -               | -               | -               | -               | -               |
| Unemployment compensation fund                  | 713,120         | 692,907         | 758,673         | 845,956         | 2,341,269       | 3,223,194       | 3,217,559       | 1,893,947       | 1,160,585       | 674,844         |
| State lottery commission                        | -               | -               | -               | -               | -               | -               | -               | -               | -               | -               |
| Other   | 31,827          | 31,981          | 32,945          | 24,480          | 39,922          | 24,044          | 23,167          | 22,604          | 24,694          | 23,351          |
| Total business-type activities expenses         | 744,947         | 724,888         | 791,618         | 870,436         | 2,381,191       | 3,247,238       | 3,240,726       | 1,916,551       | 1,185,279       | 698,195         |
| Total primary government expenses               | \$ 22,641,007   | \$ 21,716,229   | \$ 24,443,360   | \$ 26,251,455   | \$ 28,192,714   | \$ 29,390,983   | \$ 29,655,888   | \$ 29,753,845   | \$ 29,634,656   | \$ 29,306,583   |
| <b>Program Revenues</b>                         |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Governmental activities:                        |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Charges for services:                           |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| General government                              | \$ 444,845      | \$ 464,728      | \$ 490,980      | \$ 837,677      | \$ 684,486      | \$ 586,805      | \$ 636,558      | \$ 700,218      | \$ 376,407      | \$ 527,713      |
| Public safety                                   | 604,438         | 516,316         | 484,667         | 461,330         | 413,815         | 483,421         | 446,055         | 467,599         | 473,665         | 480,497         |
| Health  | 32,963          | 12,702          | 11,155          | 15,030          | 7,362           | 8,076           | 8,129           | 8,407           | 204,529         | 101,354         |
| Welfare   | 113,249         | 157,221         | 100,540         | 180,314         | 45,226          | 23,344          | 179,991         | 861,089         | 919,557         | 1,079,528       |
| Conservation, culture, and development          | 102,410         | 114,004         | 123,264         | 145,246         | 162,403         | 159,542         | 149,781         | 155,953         | 153,828         | 148,077         |
| Education                                       | 1,637           | 3,045           | 3,724           | 3,987           | 4,518           | 4,489           | 4,202           | 4,381           | 7,950           | 3,383           |
| Transportation                                  | 3,973           | 18,542          | 39,174          | 38,142          | 36,088          | 46,231          | 46,900          | 54,977          | 91,990          | 77,861          |
| Operating grants and contributions              | 7,388,752       | 7,653,298       | 8,572,608       | 9,372,760       | 10,494,940      | 11,223,452      | 10,939,012      | 11,065,618      | 10,335,986      | 10,383,191      |
| Capital grants and contributions                | 15,587          | 11,754          | 11,260          | 26,882          | 21,397          | 9               | -               | -               | 1,270,834       | 1,180,142       |
| Total governmental activities program revenues  | 8,707,854       | 8,951,610       | 9,837,372       | 11,081,368      | 11,870,235      | 12,539,369      | 12,410,628      | 13,318,242      | 13,834,746      | 13,991,746      |
| Business-type activities:                       |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Charges for services:                           |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Toll roads                                      | -               | -               | -               | -               | -               | -               | -               | -               | -               | -               |
| Aviation technology bonds                       | -               | -               | -               | -               | -               | -               | -               | -               | -               | -               |
| Airport facilities revenue bonds                | -               | -               | -               | -               | -               | -               | -               | -               | -               | -               |
| State revolving fund                            | -               | -               | -               | -               | -               | -               | -               | -               | -               | -               |
| Unemployment compensation fund                  | 599,437         | 663,084         | 629,716         | 653,778         | 1,223,731       | 2,393,810       | 1,628,446       | 983,708         | 830,527         | 950,328         |
| State lottery commission                        | -               | -               | -               | -               | -               | -               | -               | -               | -               | -               |
| Other   | 31,356          | 32,846          | 30,628          | 28,590          | 28,185          | 27,280          | 26,103          | 26,961          | 26,463          | 26,338          |
| Operating grants and contributions              | -               | -               | -               | -               | -               | -               | -               | -               | -               | -               |
| Capital grants and contributions                | -               | -               | -               | -               | -               | -               | -               | -               | -               | -               |
| Total business-type activities program revenues | 630,793         | 695,930         | 660,344         | 816,927         | 1,262,439       | 2,421,090       | 3,151,228       | 2,054,533       | 1,525,867       | 1,111,829       |
| Total primary government program revenues       | \$ 9,338,647    | \$ 9,647,540    | \$ 10,497,716   | \$ 11,898,295   | \$ 13,132,674   | \$ 14,960,459   | \$ 15,561,856   | \$ 15,372,775   | \$ 15,360,613   | \$ 15,103,575   |
| <b>Net (Expense)/Revenue</b>                    |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Governmental activities                         | \$ (13,188,206) | \$ (12,039,731) | \$ (13,814,370) | \$ (14,299,651) | \$ (13,941,288) | \$ (13,604,376) | \$ (14,004,534) | \$ (14,519,052) | \$ (14,614,631) | \$ (14,616,642) |
| Business-type activities                        | (114,154)       | (28,958)        | (131,274)       | (53,509)        | (1,118,752)     | (826,148)       | (89,498)        | 137,982         | 340,588         | 413,634         |
| Total primary government net expenses           | \$ (13,302,360) | \$ (12,068,689) | \$ (13,945,644) | \$ (14,353,160) | \$ (15,060,040) | \$ (14,430,524) | \$ (14,094,032) | \$ (14,381,070) | \$ (14,274,043) | \$ (14,203,008) |

continued on next page

|   | Fiscal Year  |              |              |              |              |                |              |              |              |              |
|---|--------------|--------------|--------------|--------------|--------------|----------------|--------------|--------------|--------------|--------------|
|   | 2005         | 2006         | 2007         | 2008         | 2009         | 2010           | 2011         | 2012         | 2013         | 2014         |
| <b>General Revenues and Other Changes in Net Position</b> |              |              |              |              |              |                |              |              |              |              |
| Governmental activities:                                  |              |              |              |              |              |                |              |              |              |              |
| Taxes   |              |              |              |              |              |                |              |              |              |              |
| Income taxes  | \$ 5,090,306 | \$ 5,396,926 | \$ 5,638,203 | \$ 5,833,169 | \$ 5,135,398 | \$ 4,495,576   | \$ 5,781,340 | \$ 5,424,347 | \$ 5,371,040 | \$ 5,811,823 |
| Sales taxes   | 4,963,327    | 5,352,132    | 5,491,750    | 5,869,177    | 6,146,378    | 5,937,225      | 6,365,077    | 6,520,664    | 6,845,294    | 6,995,678    |
| Fuel taxes  | 831,010      | 879,313      | 707,354      | 677,084      | 763,994      | 799,356        | 754,839      | 762,563      | 791,659      | 763,833      |
| Gaming taxes  | 791,228      | 806,271      | 851,853      | 826,358      | 880,491      | 911,633        | 904,353      | 867,055      | 788,636      | 681,363      |
| Unemployment taxes  | -            | -            | -            | -            | -            | 807            | 320          | 102          | 80           | 914          |
| Inheritance taxes   | 166,825      | 139,365      | 154,817      | 166,094      | 183,214      | 127,673        | 160,917      | 169,769      | 160,820      | 56,166       |
| Alcohol & Tobacco taxes                                   | 359,066      | 373,921      | 398,601      | 536,948      | 540,201      | 458,420        | 464,699      | 479,621      | 503,879      | 445,381      |
| Insurance taxes   | 190,253      | 181,501      | 197,064      | 203,110      | 187,329      | 179,024        | 189,948      | 206,733      | 211,987      | 224,711      |
| Financial institution taxes                               | 70,067       | 79,018       | 59,003       | 37,419       | 26,264       | 55,611         | 84,743       | 71,467       | 121,369      | 72,976       |
| Other taxes   | 204,328      | 346,816      | 519,747      | 580,144      | 506,699      | 265,900        | 222,603      | 228,919      | 251,579      | 256,269      |
| Investment earnings                                       | 73,798       | 153,834      | 260,805      | 239,372      | 91,331       | 33,566         | 22,460       | 16,345       | 27,990       | 19,769       |
| Other   | 35,759       | 55,848       | 69,522       | 76,199       | 41,116       | 76,289         | 35,283       | 90,078       | 58,915       | 58,912       |
| Special item: Proceeds from lease of Toll Road            | -            | 3,618,528    | -            | -            | -            | -              | -            | -            | -            | -            |
| Transfers within primary government                       | (958)        | (818)        | (1,006)      | (3,699)      | (2,113)      | 2,572          | 2,618        | 2,101        | 2,769        | 2,724        |
| Total governmental activities                             | 12,775,009   | 17,382,655   | 14,347,713   | 15,041,375   | 14,500,302   | 13,343,652     | 14,989,200   | 14,839,764   | 15,136,017   | 15,390,539   |
| Business-type activities:                                 |              |              |              |              |              |                |              |              |              |              |
| Investment earnings                                       | 32,907       | 26,617       | 24,992       | 21,625       | 6,260        | 3,713          | 1,750        | 3,753        | 9            | 1,051        |
| Unemployment taxes  | -            | -            | -            | -            | -            | -              | -            | -            | -            | -            |
| Other   | -            | -            | -            | -            | -            | -              | -            | -            | -            | -            |
| Transfers within primary government                       | 958          | 818          | 1,006        | 3,699        | 2,113        | (2,572)        | 10,000       | (2,101)      | (2,769)      | (2,724)      |
| Total business-type activities                            | 33,865       | 27,435       | 25,998       | 25,324       | 8,373        | 1,141          | 9,132        | 1,652        | (2,760)      | (1,673)      |
| Total primary government                                  | 12,808,874   | 17,410,090   | 14,373,711   | 15,066,699   | 14,508,675   | 13,344,793     | 14,998,332   | 14,841,416   | 15,133,257   | 15,388,866   |
| <b>Changes in Net Position</b>                            |              |              |              |              |              |                |              |              |              |              |
| Governmental activities                                   | (413,197)    | 5,342,924    | 533,343      | 741,724      | 559,014      | (260,724)      | 984,666      | 320,712      | 521,386      | 773,897      |
| Business-type activities                                  | (80,289)     | (1,523)      | (105,276)    | (28,185)     | (1,110,379)  | (825,007)      | (80,366)     | 139,634      | 337,828      | 411,961      |
| Total primary government                                  | \$ (493,486) | \$ 5,341,401 | \$ 428,067   | \$ 713,539   | \$ (551,365) | \$ (1,085,731) | \$ 904,300   | \$ 460,346   | \$ 859,214   | \$ 1,185,858 |

**State of Indiana****Fund Balances, Governmental Funds,***(modified accrual basis of accounting, dollars in thousands)*

|                            | <u>2005</u>         | <u>2006</u>         | <u>2007</u>         | <u>2008</u>         | <u>2009</u>         | <u>2010</u>         | <u>2011</u>         | <u>2012</u>         | <u>2013</u>         | <u>2014</u>         |
|----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund (Pre-GASB 54) |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Reserved                   | \$ 395,316          | \$ 396,736          | \$ 409,227          | \$ 616,861          | \$ 73,682           | \$ 304,233          | \$ -                | \$ -                | \$ -                | \$ -                |
| Unreserved                 | 798,926             | 1,436,814           | 1,937,955           | 2,183,461           | 1,488,457           | 2,213,432           | -                   | -                   | -                   | -                   |
| Total general fund         | <u>\$ 1,194,242</u> | <u>\$ 1,833,550</u> | <u>\$ 2,347,182</u> | <u>\$ 2,800,322</u> | <u>\$ 1,562,139</u> | <u>\$ 2,517,665</u> | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>         |
| General Fund (Per GASB 54) |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Nonspendable               |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Prepaid expense            | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ 60,955           | \$ 99,022           |
| Total Nonspendable         | <u>-</u>            | <u>-</u>            | <u>-</u>            | <u>-</u>            | <u>-</u>            | <u>-</u>            | <u>-</u>            | <u>-</u>            | <u>60,955</u>       | <u>99,022</u>       |
| Restricted                 |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Administration             | -                   | -                   | -                   | -                   | -                   | -                   | 71,990              | 363,212             | 378,559             | 379,568             |
| Total Restricted           | <u>-</u>            | <u>-</u>            | <u>-</u>            | <u>-</u>            | <u>-</u>            | <u>-</u>            | <u>71,990</u>       | <u>363,212</u>      | <u>378,559</u>      | <u>379,568</u>      |
| Committed                  |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Administration             | -                   | -                   | -                   | -                   | -                   | -                   | -                   | 20,859              | -                   | -                   |
| Economic development       | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | 6,030               | 5,628               |
| Roads & bridges            | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | 20                  |
| Total Committed            | <u>-</u>            | <u>-</u>            | <u>-</u>            | <u>-</u>            | <u>-</u>            | <u>-</u>            | <u>-</u>            | <u>20,859</u>       | <u>6,030</u>        | <u>5,648</u>        |
| Assigned                   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Administration             | -                   | -                   | -                   | -                   | -                   | -                   | 65,156              | 41,550              | 72,575              | 65,421              |
| Corrections                | -                   | -                   | -                   | -                   | -                   | -                   | 6,717               | 11,680              | 46,195              | 12,724              |
| Police & protection        | -                   | -                   | -                   | -                   | -                   | -                   | 1,679               | 2,920               | 11,277              | 11,891              |
| Public health              | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | 22                  | 22                  |
| Child services             | -                   | -                   | -                   | -                   | -                   | -                   | 77,285              | 73,302              | 205,713             | 522,388             |
| Disability & aging         | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | 3                   | 4                   |
| Economic development       | -                   | -                   | -                   | -                   | -                   | -                   | 26,044              | 9,733               | 862                 | 1,073               |
| Environmental              | -                   | -                   | -                   | -                   | -                   | -                   | 16,528              | 6,177               | 552                 | 427                 |
| Natural resources          | -                   | -                   | -                   | -                   | -                   | -                   | 7,513               | 2,808               | 249                 | 147                 |
| Secondary education        | -                   | -                   | -                   | -                   | -                   | -                   | 9,572               | 6,346               | 5,311               | 8,564               |
| Roads & bridges            | -                   | -                   | -                   | -                   | -                   | -                   | 2,925               | 1,068               | 81                  | 63                  |
| Capital outlay             | -                   | -                   | -                   | -                   | -                   | -                   | 84,855              | 54,112              | 31,929              | 143,235             |
| Other purposes             | -                   | -                   | -                   | -                   | -                   | -                   | 1,515               | 966                 | 44,705              | 156,932             |
| Encumbrances               | -                   | -                   | -                   | -                   | -                   | -                   | 303,018             | 441,412             | 759,540             | 737,249             |
| Total Assigned             | <u>-</u>            | <u>-</u>            | <u>-</u>            | <u>-</u>            | <u>-</u>            | <u>-</u>            | <u>602,807</u>      | <u>652,074</u>      | <u>1,179,014</u>    | <u>1,660,140</u>    |
| Unassigned                 | -                   | -                   | -                   | -                   | -                   | -                   | 2,358,283           | 2,354,999           | 1,712,795           | 1,327,799           |
| Total general fund         | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ 3,033,080</u> | <u>\$ 3,391,144</u> | <u>\$ 3,337,353</u> | <u>\$ 3,472,177</u> |

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## State of Indiana

## Fund Balances, Governmental Funds,

(modified accrual basis of accounting, dollars in thousands)

|  | 2005         | 2006         | 2007         | 2008         | 2009         | 2010         | 2011         | 2012         | 2013         | 2014         |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| All other Governmental Funds (Pre-GASB 54) |              |              |              |              |              |              |              |              |              |              |
| Reserved                                   | \$ 1,583,392 | \$ 2,019,809 | \$ 2,286,840 | \$ 2,283,874 | \$ 3,584,616 | \$ 2,269,450 | \$ -         | \$ -         | \$ -         | \$ -         |
| Unreserved, reported in:                   |              |              |              |              |              |              |              |              |              |              |
| Special revenue funds                      | (630,732)    | 3,473,447    | 3,160,707    | 2,807,884    | 2,514,631    | 2,184,021    | -            | -            | -            | -            |
| Capital project funds                      | 81,284       | 91,149       | 90,207       | 78,953       | 83,961       | 89,829       | -            | -            | -            | -            |
| Permanent funds                            | 124,005      | 590,233      | 607,815      | 628,534      | 661,509      | 740,778      | -            | -            | -            | -            |
| Total all other governmental funds         | \$ 1,157,949 | \$ 6,174,638 | \$ 6,145,569 | \$ 5,799,245 | \$ 6,844,717 | \$ 5,284,078 | \$ -         | \$ -         | \$ -         | \$ -         |
| All other Governmental Funds (Per GASB 54) |              |              |              |              |              |              |              |              |              |              |
| Nonspendable                               |              |              |              |              |              |              |              |              |              |              |
| Permanent fund principal                   | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ 501,125   | \$ 520,665   | \$ 520,665   | \$ 521,028   |
| Prepaid expense                            | -            | -            | -            | -            | -            | -            | -            | -            | 922          | 680          |
| Total Nonspendable                         | -            | -            | -            | -            | -            | -            | 501,125      | 520,665      | 521,587      | 521,708      |
| Committed                                  |              |              |              |              |              |              |              |              |              |              |
| Administration                             | -            | -            | -            | -            | -            | -            | -            | 580,245      | 6,734        | 8,581        |
| Public health                              | -            | -            | -            | -            | -            | -            | 3            | 306,793      | 316,290      | 353,881      |
| Economic development                       | -            | -            | -            | -            | -            | -            | -            | 103          | 11,270       | 10,313       |
| Environmental                              | -            | -            | -            | -            | -            | -            | -            | -            | 561          | 646          |
| Natural resources                          | -            | -            | -            | -            | -            | -            | -            | -            | 468          | 144          |
| Higher education                           | -            | -            | -            | -            | -            | -            | 4            | -            | 4            | 3            |
| Secondary education                        | -            | -            | -            | -            | -            | -            | 553,686      | 72           | 564,681      | 569,555      |
| Roads & bridges                            | -            | -            | -            | -            | -            | -            | 16,180       | 171,733      | 166,166      | 175,343      |
| Other purposes                             | -            | -            | -            | -            | -            | -            | -            | -            | 14,818       | 14,972       |
| Total Committed                            | -            | -            | -            | -            | -            | -            | 569,873      | 1,058,946    | 1,080,992    | 1,133,438    |
| Assigned                                   |              |              |              |              |              |              |              |              |              |              |
| Administration                             | -            | -            | -            | -            | -            | -            | 423,553      | 263,210      | 155,532      | 136,070      |
| Corrections                                | -            | -            | -            | -            | -            | -            | 14,976       | 26,945       | 10,676       | 11,872       |
| Police & protection                        | -            | -            | -            | -            | -            | -            | 284,551      | 511,947      | 190,802      | 255,817      |
| Mental health                              | -            | -            | -            | -            | -            | -            | 62,709       | 52,335       | 62,061       | 68,576       |
| Public health                              | -            | -            | -            | -            | -            | -            | 689,801      | 575,680      | 692,340      | 675,552      |
| Child services                             | -            | -            | -            | -            | -            | -            | 134,377      | 112,146      | 133,753      | 142,829      |
| Disability & aging                         | -            | -            | -            | -            | -            | -            | 8,958        | 7,476        | 9,445        | 9,223        |
| Economic development                       | -            | -            | -            | -            | -            | -            | 43,734       | 53,942       | 43,135       | 48,659       |
| Environmental                              | -            | -            | -            | -            | -            | -            | 94,757       | 116,874      | 88,426       | 113,320      |
| Natural resources                          | -            | -            | -            | -            | -            | -            | 104,476      | 128,861      | 105,746      | 128,281      |
| Higher education                           | -            | -            | -            | -            | -            | -            | 27,812       | 19,745       | 23,582       | 42,080       |
| Secondary education                        | -            | -            | -            | -            | -            | -            | 35,396       | 25,129       | 29,698       | 120,080      |
| Roads & bridges                            | -            | -            | -            | -            | -            | -            | 2,071,404    | 1,490,793    | 1,141,414    | 1,158,430    |
| Capital outlay                             | -            | -            | -            | -            | -            | -            | 138,978      | 86,366       | 66,192       | 76,883       |
| Other purposes                             | -            | -            | -            | -            | -            | -            | 99,270       | 61,690       | 52,351       | 57,454       |
| Total Assigned                             | -            | -            | -            | -            | -            | -            | 4,234,753    | 3,533,138    | 2,805,153    | 3,045,126    |
| Unassigned                                 | -            | -            | -            | -            | -            | -            | (248,233)    | (258,550)    | (176,649)    | (175,347)    |
| Total all other governmental funds         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ 5,057,518 | \$ 4,854,199 | \$ 4,231,083 | \$ 4,524,925 |



**State of Indiana**  
**Taxable Sales by Industry\***  
**Last Ten Fiscal Years**  
*(in thousands of dollars)*

|   | 2004                 | 2005                 | 2006                 | 2007                 | 2008                 | 2009                 | 2010                 | 2011                 | 2012                  | 2013                  |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|
| Agricultural/forestry, fishing, and other | \$ 356,577           | \$ 410,741           | \$ 428,778           | \$ 474,198           | \$ 370,753           | \$ 379,574           | \$ 360,991           | \$ 370,492           | \$ 372,591            | \$ 384,598            |
| Construction                              | 1,220,932            | 1,532,759            | 1,706,332            | 1,817,242            | 1,890,408            | 1,635,989            | 1,248,020            | 1,313,886            | 1,461,139             | 1,539,410             |
| Finance, insurance, and real estate       | 870,350              | 952,029              | 970,222              | 1,007,245            | 1,055,616            | 1,063,359            | 952,301              | 947,332              | 999,532               | 1,054,823             |
| Government                                | 11,198               | 11,545               | 11,854               | 13,968               | 17,922               | 22,181               | 21,547               | 22,493               | 24,330                | 24,386                |
| Manufacturing                             | 2,159,586            | 2,722,626            | 2,929,911            | 3,131,049            | 3,223,864            | 2,703,184            | 2,290,096            | 2,678,509            | 2,908,225             | 3,017,003             |
| Mining                                    | 42,613               | 54,436               | 56,697               | 58,880               | 55,153               | 52,176               | 50,091               | 85,828               | 90,908                | 65,707                |
| Retail trade                              | 16,375,391           | 21,142,705           | 21,542,047           | 22,120,611           | 21,928,670           | 19,073,953           | 18,481,249           | 19,622,777           | 20,600,947            | 21,326,333            |
| Services                                  | 9,911,467            | 12,421,818           | 13,030,984           | 13,930,160           | 13,982,595           | 13,698,309           | 12,989,402           | 13,645,012           | 14,483,778            | 14,847,568            |
| Transportation and public utilities       | 2,884,442            | 4,066,770            | 4,601,532            | 4,772,174            | 5,193,388            | 6,009,334            | 5,831,835            | 6,192,114            | 5,847,003             | 6,155,377             |
| Wholesale trade                           | 1,930,025            | 2,390,288            | 2,613,527            | 2,718,170            | 2,934,708            | 2,659,353            | 2,373,213            | 2,640,917            | 2,749,297             | 2,811,111             |
| Unknown**                                 | 39,340,419           | 40,292,757           | 42,139,011           | 43,677,667           | 46,909,408           | 49,001,769           | 48,342,987           | 50,540,361           | 51,966,263            | 52,356,185            |
| <b>Total</b>                              | <b>\$ 75,103,000</b> | <b>\$ 85,998,474</b> | <b>\$ 90,030,895</b> | <b>\$ 93,721,364</b> | <b>\$ 97,562,485</b> | <b>\$ 96,299,181</b> | <b>\$ 92,941,732</b> | <b>\$ 98,059,721</b> | <b>\$ 101,504,013</b> | <b>\$ 103,582,501</b> |
| Direct sales tax rate                     | 6%                   | 6%                   | 6%                   | 6%                   | 6 - 7%               | 7%                   | 7%                   | 7%                   | 7%                    | 7%                    |

**Source: Indiana Department of Revenue**

\* Indiana Code 6-8.1-7.1 prevents the disclosure of the top ten sales tax payers in Indiana as required by GASB Statement No. 44. This schedule is presented as a substitute for that requirement.

\*\* Industry category is provided to the Department of Revenue on Sales Tax information submitted by retail merchants on their Business Tax Application. In the past, type of industry field was not required on the form. Thus, businesses started prior to the addition of the industry category field were classified as unknown. The industry category field was added in recent years.

State of Indiana  
Sales Tax Revenue Payers by Industry\*  
Fiscal Years 2007 and 2013  
(in thousands of dollars)

|   | Fiscal Year Ended June 30, 2007 |                |                        |                | Fiscal Year Ended June 30, 2013 |                |                        |                |
|---|---------------------------------|----------------|------------------------|----------------|---------------------------------|----------------|------------------------|----------------|
|   | Number<br>of Filers             | %<br>of Total  | Tax<br>Liability       | %<br>of Total  | Number<br>of Filers             | %<br>of Total  | Tax<br>Liability       | %<br>of Total  |
| Agricultural/forestry, fishing, and other | 3,935                           | 2.02%          | \$ 28,451.87           | 0.51%          | 3,917                           | 2.20%          | \$ 23,075.88           | 0.37%          |
| Construction                              | 11,283                          | 5.80%          | 109,034.55             | 1.94%          | 9,924                           | 5.57%          | 92,364.61              | 1.49%          |
| Finance, insurance, and real estate       | 5,025                           | 2.58%          | 60,434.69              | 1.07%          | 4,273                           | 2.40%          | 63,289.39              | 1.02%          |
| Government                                | 501                             | 0.26%          | 838.08                 | 0.01%          | 493                             | 0.28%          | 1,463.17               | 0.02%          |
| Manufacturing                             | 17,674                          | 9.08%          | 187,862.96             | 3.34%          | 16,508                          | 9.26%          | 181,020.18             | 2.91%          |
| Mining                                    | 388                             | 0.20%          | 3,532.82               | 0.06%          | 346                             | 0.19%          | 3,942.41               | 0.06%          |
| Retail trade                              | 63,851                          | 32.82%         | 1,327,236.65           | 23.60%         | 55,861                          | 31.35%         | 1,279,579.96           | 20.59%         |
| Services                                  | 63,218                          | 32.50%         | 835,809.57             | 14.86%         | 58,341                          | 32.74%         | 890,854.07             | 14.33%         |
| Transportation and public utilities       | 4,899                           | 2.52%          | 286,330.46             | 5.09%          | 4,395                           | 2.47%          | 369,322.62             | 5.94%          |
| Wholesale trade                           | 10,527                          | 5.41%          | 163,090.23             | 2.90%          | 12,491                          | 7.01%          | 168,666.66             | 2.71%          |
| Unknown**                                 | 13,241                          | 6.81%          | 2,620,660.00           | 46.60%         | 11,655                          | 6.54%          | 3,141,371.09           | 50.55%         |
| <b>Total</b>                              | <b>194,542</b>                  | <b>100.00%</b> | <b>\$ 5,623,281.88</b> | <b>100.00%</b> | <b>178,204</b>                  | <b>100.00%</b> | <b>\$ 6,214,950.04</b> | <b>100.00%</b> |

Source: Indiana Department of Revenue

\* Indiana Code 6-8.1-7-1 prevents the disclosure of the top ten sales tax payers in Indiana as required by GASB Statement No. 44. This schedule is presented as a substitute for that requirement.

\*\* Industry category is provided to the Department of Revenue on Sales Tax information submitted by retail merchants on their Business Tax Application. In the past, type of industry field was not required on the form. Thus, businesses started prior to the addition of the industry category field were classified as unknown. The industry category field was added in recent years.

State of Indiana  
Personal Income Tax Filers and Liability by Income Level  
Fiscal Years 2007 and 2013  
*(in millions of dollars)*

| Income Level            | Fiscal YE 2007      |                |                    |                | Fiscal YE 2013      |                        |                    |                |
|-------------------------|---------------------|----------------|--------------------|----------------|---------------------|------------------------|--------------------|----------------|
|                         | Number<br>of Filers | %<br>of Total  | Tax<br>Liability   | %<br>of Total  | Number<br>of Filers | Percentage<br>of Total | Tax<br>Liability   | %<br>of Total  |
| \$50,000 and under      | 2,110,765           | 68.16%         | \$ 1,462.43        | 25.90%         | 2,173,650           | 68.52%                 | \$ 1,715.54        | 25.79%         |
| \$50,001 - \$100,000    | 690,623             | 22.30%         | 1,843.18           | 32.64%         | 659,724             | 20.80%                 | 1,929.14           | 29.01%         |
| \$100,001 - \$250,000   | 245,052             | 7.91%          | 1,276.63           | 22.61%         | 296,016             | 9.33%                  | 1,745.64           | 26.25%         |
| \$250,001 - \$1,000,000 | 39,990              | 1.29%          | 562.30             | 9.96%          | 38,437              | 1.21%                  | 722.62             | 10.86%         |
| \$1,000,001 and over    | 10,367              | 0.33%          | 502.21             | 8.89%          | 4,325               | 0.14%                  | 538.05             | 8.09%          |
| <b>Total</b>            | <b>3,096,797</b>    | <b>100.00%</b> | <b>\$ 5,646.75</b> | <b>100.00%</b> | <b>3,172,152</b>    | <b>100.00%</b>         | <b>\$ 6,650.99</b> | <b>100.00%</b> |

Source: Indiana Department of Revenue

**State of Indiana**  
**Personal Income by Industry**  
**Last Ten Fiscal Years**  
*(in millions of dollars)*

|   | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Farm earnings                               | \$ 2,052    | \$ 1,332    | \$ 1,136    | \$ 1,507    | \$ 2,664    | \$ 2,022    | \$ 1,938    | \$ 3,255    | \$ 2,911    | \$ 4,716    |
| Agriculture, forestry, fishing, and hunting | 391         | 413         | 505         | 511         | 492         | 430         | 506         | 372         | 426         | 438         |
| Mining                                      | 579         | 626         | 662         | 597         | 716         | 567         | 688         | 975         | 1,074       | 1,129       |
| Construction and utilities                  | 11,338      | 11,547      | 12,152      | 12,247      | 12,092      | 10,670      | 10,976      | 11,735      | 12,848      | 13,006      |
| Manufacturing                               | 35,835      | 36,397      | 37,580      | 37,538      | 36,628      | 31,006      | 32,537      | 34,920      | 37,090      | 37,662      |
| Wholesale trade                             | 7,159       | 7,485       | 7,920       | 8,326       | 8,458       | 7,674       | 7,831       | 8,219       | 8,627       | 8,843       |
| Retail trade                                | 10,156      | 10,345      | 10,740      | 10,674      | 10,259      | 9,905       | 10,111      | 10,409      | 10,810      | 11,143      |
| Transportation and warehousing              | 6,073       | 6,438       | 6,863       | 7,005       | 6,861       | 6,434       | 6,585       | 7,023       | 7,449       | 7,636       |
| Information                                 | 2,412       | 2,385       | 2,411       | 2,546       | 2,559       | 2,511       | 2,379       | 2,362       | 2,578       | 2,605       |
| Finance and insurance                       | 6,720       | 6,892       | 7,217       | 7,301       | 7,312       | 6,932       | 7,129       | 7,360       | 7,796       | 7,911       |
| Real estate and rental and leasing          | 2,309       | 2,211       | 2,131       | 1,843       | 1,944       | 1,847       | 1,913       | 2,113       | 2,423       | 2,547       |
| Services                                    | 22,706      | 23,883      | 25,615      | 26,589      | 27,610      | 26,495      | 27,338      | 29,063      | 30,746      | 31,781      |
| Management of companies and enterprises     | 2,312       | 2,315       | 2,518       | 2,656       | 2,657       | 2,542       | 2,519       | 2,807       | 2,983       | 3,270       |
| Health care and social assistance           | 15,179      | 15,900      | 16,993      | 17,759      | 19,023      | 19,534      | 20,368      | 20,826      | 21,812      | 22,466      |
| Arts, entertainment, and recreation         | 1,740       | 1,728       | 1,781       | 1,786       | 1,792       | 1,689       | 1,741       | 1,728       | 1,821       | 1,857       |
| Government and government enterprises       | 20,016      | 20,858      | 21,207      | 22,060      | 23,068      | 23,629      | 23,886      | 24,172      | 24,180      | 24,285      |
| Total personal income                       | \$ 146,977  | \$ 150,755  | \$ 157,431  | \$ 160,945  | \$ 164,135  | \$ 153,887  | \$ 158,445  | \$ 167,339  | \$ 175,574  | \$ 181,295  |

Note: The Services industry includes professional, scientific, and technical services, administrative and waste management services, educational services, accommodation and food services, and other services, except public administration.

Source: U.S. Department of Commerce - Bureau of Economic Analysis, SA05N NAICS - Personal income by major source and earnings by NAICS industry (1990-2012).

# State of Indiana

## Personal Income Tax Rates

### Last Ten Fiscal Years

|  | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Personal Income Tax Revenues (in millions) | \$ 3,808    | \$ 4,213    | \$ 4,382    | \$ 4,580    | \$ 4,826    | \$ 4,305    | \$ 3,864    | \$ 4,584    | \$ 4,765    | \$ 4,889    |
| Personal Income (in millions)              | 192,107     | 197,603     | 209,439     | 216,943     | 224,631     | 217,596     | 222,888     | 236,977     | 249,326     | 253,779     |
| Average Effective Rate <sup>1</sup>        | 2.0%        | 2.1%        | 2.1%        | 2.1%        | 2.1%        | 2.0%        | 1.7%        | 1.9%        | 1.9%        | 1.9%        |

|                               | Tax Rates on the Portion of Taxable Income in Ranges <sup>2</sup> |         |         |         |          |           |        |      |
|-------------------------------|---|---------|---------|---------|----------|-----------|--------|------|
| <b>Tax Years 2004-05</b>      |   |         |         |         |          |           |        |      |
| Tax Rate                      | 1.2%  | 2.7%    | 3.0%    | 3.1%    | 3.2%     | 3.2%      |        | 3.2% |
| Income Bracket (in thousands) | \$0-20  | \$21-40 | \$41-60 | \$61-80 | \$81-100 | \$101-120 | \$121+ |      |
| <b>Tax Years 2006-09</b>      |   |         |         |         |          |           |        |      |
| Tax Rate                      | 1.2%  | 2.7%    | 3.0%    | 3.1%    | 3.2%     | 3.2%      |        | 3.2% |
| Income Bracket (in thousands) | \$0-20  | \$21-40 | \$41-60 | \$61-80 | \$81-100 | \$101-120 | \$121+ |      |
| <b>Tax Years 2010-13</b>      |   |         |         |         |          |           |        |      |
| Tax Rate                      | 1.1%  | 2.6%    | 2.9%    | 3.1%    | 3.1%     | 3.2%      |        | 3.2% |
| Income Bracket (in thousands) | \$0-20  | \$21-40 | \$41-60 | \$61-80 | \$81-100 | \$101-120 | \$121+ |      |

<sup>1</sup> Average effective rate equals tax collections divided by income.

<sup>2</sup> This assumes (a) a family of four that consists of husband, wife, and two children and (b) state taxable income equals federal adjusted gross income minus renter's/homeowner's property tax deduction minus exemptions. The State income tax rate for the entire 10 years was 3.4%.

**Sources:** U.S. Department of Commerce - Bureau of Economic Analysis; Auditor of State Financial Records; U.S. Census Bureau; & Indiana Department of Revenue Tax Forms.

**State of Indiana**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
*(in thousands of dollars)*

|  | 2005                | 2006                | 2007                | 2008                | 2009                | 2010                | 2011                | 2012                | 2013                | 2014                |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Governmental activities</b>                         |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Capital leases   | \$ 1,271,258        | \$ 1,307,072        | \$ 1,333,099        | \$ 1,321,593        | \$ 1,286,107        | \$ 1,269,809        | \$ 1,225,312        | \$ 1,209,977        | \$ 1,156,910        | \$ 1,112,599        |
| <b>Total Governmental Activities</b>                   | <u>1,271,258</u>    | <u>1,307,072</u>    | <u>1,333,099</u>    | <u>1,321,593</u>    | <u>1,286,107</u>    | <u>1,269,809</u>    | <u>1,225,312</u>    | <u>1,209,977</u>    | <u>1,156,910</u>    | <u>1,112,599</u>    |
| <b>Total Primary Government</b>                        | <u>\$ 1,271,258</u> | <u>\$ 1,307,072</u> | <u>\$ 1,333,099</u> | <u>\$ 1,321,593</u> | <u>\$ 1,286,107</u> | <u>\$ 1,269,809</u> | <u>\$ 1,225,312</u> | <u>\$ 1,209,977</u> | <u>\$ 1,156,910</u> | <u>\$ 1,112,599</u> |
| <b>Debt as a Percentage of Personal Income</b>         | 0.6%                | 0.6%                | 0.6%                | 0.6%                | 0.6%                | 0.6%                | 0.5%                | 0.5%                | 0.5%                | 0.4%                |
| <b>Amount of Debt per Capita</b><br>(in whole dollars) | \$ 202              | \$ 206              | \$ 209              | \$ 206              | \$ 199              | \$ 196              | \$ 188              | \$ 185              | \$ 176              | \$ 168              |

**Note:**

(a) Starting in 2005, business-type activities had no revenue bonds/notes payable because of the reclassification of some funds from blended component units to discretely presented component units. Also starting in 2005, governmental activities had no revenue bonds/notes payable because of the reclassification of some funds from internal service funds to discretely presented component units.



# State of Indiana

## State Facts

|                      |   |
|----------------------|---|
| <b>AREA</b>          | 36,291 square miles, which includes 253 square miles of water. Length, 275 miles; width, 144 miles. Highest altitude, 1,257 feet in Wayne County; lowest altitude, 320 feet in Posey County.  |
| <b>CLIMATE</b>       | Four distinct seasons. Average temperatures in July can range from 73 and 78 degrees Fahrenheit; January averages range from 35 to 36 degrees Fahrenheit. Record high: 116 degrees at Collegeville in 1936. Record low: 35 below zero at Greensburg in 1951. Average annual precipitation is 40 inches.   |
| <b>STATE CAPITAL</b> | Indianapolis (combination of Indiana and Greek word "polis" meaning city -- therefore, Indianapolis means "city of Indiana.")   |
| <b>STATE MOTTO</b>   | The Crossroads of America. Adopted 1937.  |
| <b>STATE FLOWER</b>  | Peony. Adopted 1957.  |
| <b>STATE TREE</b>    | Tulip tree (yellow poplar). Adopted 1931.   |
| <b>STATE BIRD</b>    | Cardinal. Adopted 1933.   |
| <b>STATE SONG</b>    | "On the Banks of the Wabash, Far Away" by Paul Dresser. Adopted 1913.   |
| <b>STATE POEM</b>    | "Indiana", by Arthur Franklin Mapes, Kendallville. Adopted 1963.  |
| <b>STATE STONE</b>   | Limestone. Adopted 1971.  |
| <b>STATE SEAL</b>    | The seal depicts a pioneer scene: a woodsman felling a tree, a bison fleeing from the sound of the axe and the sun gleaming over a distant hill. In use since 1801, the seal was officially adopted in 1963.  |
| <b>STATE FLAG</b>    | The Indiana flag displays 19 gold stars surrounding a gold torch centered on a rectangular field of blue. The torch stands for liberty and enlightenment. Thirteen stars in the outer circle represent the 13 original states; the five in the inner circle represent the five states next admitted to the Union. The star above the torch stands for Indiana, the 19th state. Adopted 1917.  |
| <b>STATE NAME</b>    | The name Indiana means "land of the Indians." It was coined in 1800 when Congress carved the new state of Ohio from the Northwest Territory and designated the remaining vast area as the Indiana Territory. The territorial name was retained when Indiana became a state in 1816.   |
| <b>NICKNAME</b>      | Residents of Indiana have long been referred to as "Hoosiers," and according to the Indiana Historical Bureau, the term came into general usage in the 1830s as a result of a poem entitled "The Hoosiers Nest" by John Finley of Richmond. On January 8, 1933, John W. Davis offered "Hoosier State" as a toast at the Jackson Dinner. The origins of the actual word have been in debate for well over a century. The earliest written documentation of Hoosier was in 1827 in a diary quoted by Sandford Cox. The oral tradition goes back much earlier. |

**Source:** Here Is Your Indiana Government, 2013-2014, Indiana Chamber of Commerce.

# State of Indiana

## County Facts

| County Name | 2010 Total Population | Area Sq. Miles | 2013 County Road Miles | 2013 Municipal Street Miles | 2013 County Bridges |
|-------------|-----------------------|----------------|------------------------|-----------------------------|---------------------|
| ADAMS       | 34,387                | 345            | 692.68                 | 96.57                       | 160                 |
| ALLEN       | 355,329               | 671            | 1,304.80               | 1,264.89                    | 387                 |
| BARTHOLOMEW | 76,794                | 402            | 690.49                 | 280.48                      | 204                 |
| BENTON      | 8,854                 | 409            | 672.23                 | 56.75                       | 118                 |
| BLACKFORD   | 12,766                | 167            | 324.88                 | 60.78                       | 59                  |
| BOONE       | 56,640                | 427            | 734.86                 | 241.40                      | 189                 |
| BROWN       | 15,242                | 319            | 392.23                 | 7.73                        | 84                  |
| CARROLL     | 20,155                | 347            | 769.38                 | 42.34                       | 114                 |
| CASS        | 38,966                | 415            | 884.16                 | 118.58                      | 124                 |
| CLARK       | 110,232               | 384            | 487.08                 | 359.69                      | 139                 |
| CLAY        | 26,890                | 364            | 662.17                 | 83.44                       | 157                 |
| CLINTON     | 33,224                | 407            | 784.94                 | 86.30                       | 160                 |
| CRAWFORD    | 10,713                | 312            | 450.39                 | 34.67                       | 79                  |
| DAVIESS     | 31,648                | 430            | 799.91                 | 106.50                      | 126                 |
| DEARBORN    | 50,047                | 306            | 505.01                 | 81.31                       | 102                 |
| DECATUR     | 25,740                | 370            | 645.53                 | 94.49                       | 187                 |
| DEKALB      | 42,223                | 366            | 724.25                 | 144.78                      | 102                 |
| DELAWARE    | 117,671               | 396            | 802.64                 | 453.60                      | 193                 |
| DUBOIS      | 41,889                | 433            | 655.12                 | 182.24                      | 164                 |
| ELKHART     | 197,559               | 468            | 1,150.15               | 452.39                      | 170                 |
| FAYETTE     | 24,277                | 215            | 381.56                 | 65.18                       | 86                  |
| FLOYD       | 74,578                | 149            | 351.68                 | 182.79                      | 92                  |
| FOUNTAIN    | 17,240                | 397            | 666.97                 | 74.80                       | 143                 |
| FRANKLIN    | 23,087                | 394            | 628.74                 | 26.08                       | 118                 |
| FULTON      | 20,836                | 368            | 788.95                 | 55.20                       | 57                  |
| GIBSON      | 33,503                | 498            | 959.42                 | 137.26                      | 252                 |
| GRANT       | 70,061                | 421            | 809.11                 | 282.44                      | 190                 |
| GREENE      | 33,165                | 549            | 877.46                 | 104.41                      | 159                 |
| HAMILTON    | 274,569               | 401            | 584.60                 | 1,287.34                    | 301                 |
| HANCOCK     | 70,002                | 305            | 665.51                 | 179.78                      | 157                 |
| HARRISON    | 39,364                | 479            | 834.75                 | 36.31                       | 77                  |
| HENDRICKS   | 145,448               | 417            | 759.41                 | 437.14                      | 237                 |
| HENRY       | 49,462                | 400            | 792.50                 | 146.92                      | 141                 |
| HOWARD      | 82,752                | 293            | 590.31                 | 334.51                      | 133                 |
| HUNTINGTON  | 37,124                | 369            | 682.85                 | 124.78                      | 114                 |
| JACKSON     | 42,376                | 520            | 735.18                 | 131.49                      | 186                 |
| JASPER      | 33,478                | 562            | 937.81                 | 83.88                       | 126                 |
| JAY         | 21,253                | 386            | 744.77                 | 84.04                       | 163                 |
| JEFFERSON   | 32,428                | 366            | 541.81                 | 81.10                       | 101                 |
| JENNINGS    | 28,525                | 377            | 670.06                 | 42.58                       | 128                 |
| JOHNSON     | 139,654               | 315            | 604.03                 | 409.58                      | 158                 |
| KNOX        | 38,440                | 516            | 881.36                 | 175.80                      | 211                 |
| KOSCIUSKO   | 77,358                | 540            | 1,183.53               | 194.93                      | 108                 |
| LAGRANGE    | 37,128                | 381            | 792.15                 | 36.57                       | 57                  |
| LAKE        | 496,005               | 513            | 539.94                 | 1,963.02                    | 179                 |
| LAPORTE     | 111,467               | 607            | 1,040.79               | 362.65                      | 119                 |
| LAWRENCE    | 46,134                | 459            | 669.78                 | 133.49                      | 128                 |
| MADISON     | 131,636               | 453            | 905.57                 | 517.63                      | 212                 |

| County Name  | 2010 Total Population | Area Sq. Miles | 2013 County Road Miles | 2013 Municipal Street Miles | 2013 County Bridges |
|--------------|-----------------------|----------------|------------------------|-----------------------------|---------------------|
| MARION       | 903,393               | 392            | 1,951.27               | 1,642.06                    | 527                 |
| MARSHALL     | 47,051                | 443            | 923.11                 | 125.22                      | 114                 |
| MARTIN       | 10,334                | 345            | 375.16                 | 31.78                       | 44                  |
| MIAMI        | 36,903                | 377            | 791.36                 | 89.51                       | 127                 |
| MONROE       | 137,974               | 386            | 709.94                 | 260.47                      | 149                 |
| MONTGOMERY   | 38,124                | 507            | 844.31                 | 94.87                       | 172                 |
| MORGAN       | 68,894                | 406            | 696.90                 | 123.89                      | 143                 |
| NEWTON       | 14,244                | 413            | 665.89                 | 42.09                       | 123                 |
| NOBLE        | 47,536                | 412            | 822.04                 | 112.51                      | 64                  |
| OHIO         | 6,128                 | 87             | 137.06                 | 10.40                       | 31                  |
| ORANGE       | 19,840                | 405            | 602.22                 | 65.57                       | 106                 |
| OWEN         | 21,575                | 390            | 630.15                 | 24.20                       | 111                 |
| PARKE        | 17,339                | 445            | 742.06                 | 45.81                       | 176                 |
| PERRY        | 19,338                | 384            | 492.70                 | 62.65                       | 99                  |
| PIKE         | 12,845                | 335            | 547.81                 | 30.38                       | 110                 |
| PORTER       | 164,343               | 425            | 800.14                 | 510.56                      | 126                 |
| POSEY        | 25,910                | 412            | 713.99                 | 66.21                       | 149                 |
| PULASKI      | 13,402                | 433            | 885.27                 | 32.82                       | 74                  |
| PUTNAM       | 37,963                | 490            | 755.41                 | 88.81                       | 222                 |
| RANDOLPH     | 26,171                | 457            | 864.23                 | 83.29                       | 219                 |
| RIPLEY       | 28,818                | 442            | 724.61                 | 75.64                       | 135                 |
| RUSH         | 17,392                | 409            | 761.73                 | 39.95                       | 194                 |
| SAINT JOSEPH | 266,931               | 396            | 1,157.97               | 713.15                      | 103                 |
| SCOTT        | 24,181                | 466            | 312.35                 | 55.61                       | 73                  |
| SHELBY       | 44,436                | 193            | 842.07                 | 100.22                      | 189                 |
| SPENCER      | 20,952                | 409            | 742.34                 | 66.62                       | 164                 |
| STARKE       | 23,363                | 310            | 672.66                 | 57.79                       | 59                  |
| STEUBEN      | 34,185                | 309            | 623.02                 | 92.08                       | 49                  |
| SULLIVAN     | 21,475                | 457            | 872.78                 | 89.80                       | 179                 |
| SWITZERLAND  | 10,613                | 221            | 359.57                 | 11.35                       | 37                  |
| TIPPECANOE   | 172,780               | 500            | 872.76                 | 406.29                      | 203                 |
| TIPTON       | 15,936                | 261            | 563.64                 | 46.32                       | 81                  |
| UNION        | 7,516                 | 168            | 268.36                 | 15.11                       | 42                  |
| VANDERBURGH  | 179,703               | 241            | 580.00                 | 538.93                      | 156                 |
| VERMILLION   | 16,212                | 263            | 397.34                 | 82.18                       | 77                  |
| VIGO         | 107,848               | 415            | 842.15                 | 367.76                      | 187                 |
| WABASH       | 32,888                | 398            | 729.83                 | 112.06                      | 154                 |
| WARREN       | 8,508                 | 368            | 555.09                 | 23.56                       | 95                  |
| WARRICK      | 59,689                | 391            | 754.00                 | 92.59                       | 114                 |
| WASHINGTON   | 28,262                | 561            | 772.38                 | 64.60                       | 134                 |
| WAYNE        | 68,917                | 405            | 721.74                 | 256.79                      | 234                 |
| WELLS        | 27,636                | 368            | 712.75                 | 77.94                       | 131                 |
| WHITE        | 24,643                | 497            | 922.09                 | 78.29                       | 166                 |
| WHITLEY      | 33,292                | 337            | 631.99                 | 63.79                       | 89                  |
| <b>Total</b> | <b>6,483,802</b>      | <b>36,117</b>  | <b>66,098</b>          | <b>19,012</b>               | <b>13,082</b>       |

Source: Association of Indiana Counties 2013 County Fact Book, Indiana  
Department of Transportation, United States Department of  
Commerce, Bureau of Census 2010 Decennial Census,

**State of Indiana**  
**Demographic and Economic Statistics**  
**Last Ten Calendar Years**

|   | 2004          | 2005          | 2006          | 2007          | 2008          | 2009          | 2010          | 2011          | 2012          | 2013          |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Population</b>                                   |               |               |               |               |               |               |               |               |               |               |
| State (in thousands)                                | 6,233         | 6,279         | 6,333         | 6,380         | 6,425         | 6,459         | 6,490         | 6,516         | 6,538         | 6,571         |
| Percentage change                                   | 0.6%          | 0.7%          | 0.9%          | 0.7%          | 0.7%          | 0.5%          | 0.5%          | 0.4%          | 0.3%          | 0.5%          |
| National (in thousands)                             | 292,805       | 295,517       | 298,380       | 301,231       | 304,094       | 306,772       | 309,326       | 311,583       | 313,874       | 316,129       |
| Percentage change                                   | 0.9%          | 0.9%          | 1.0%          | 1.0%          | 1.0%          | 0.9%          | 0.8%          | 0.7%          | 0.7%          | 0.7%          |
| <b>Total Personal Income</b>                        |               |               |               |               |               |               |               |               |               |               |
| State (in millions)                                 | \$ 192,107    | \$ 197,603    | \$ 209,439    | \$ 216,943    | \$ 224,631    | \$ 217,596    | \$ 222,888    | \$ 236,977    | \$ 249,326    | \$ 253,779    |
| Percentage change                                   | 5.0%          | 2.9%          | 6.0%          | 3.6%          | 3.5%          | -3.1%         | 2.4%          | 6.3%          | 5.2%          | 1.8%          |
| National (in millions)                              | \$ 10,043,231 | \$ 10,605,595 | \$ 11,376,405 | \$ 11,990,104 | \$ 12,429,234 | \$ 12,080,223 | \$ 12,417,659 | \$ 13,189,935 | \$ 13,873,161 | \$ 14,151,427 |
| Percentage change                                   | 5.9%          | 5.6%          | 7.3%          | 5.4%          | 3.7%          | -2.8%         | 2.8%          | 6.2%          | 5.2%          | 2.0%          |
| <b>Per Capita Personal Income</b>                   |               |               |               |               |               |               |               |               |               |               |
| State   | \$ 30,821     | \$ 31,472     | \$ 33,073     | \$ 34,006     | \$ 34,963     | \$ 33,687     | \$ 34,344     | \$ 36,367     | \$ 38,136     | \$ 38,622     |
| Percentage change                                   | 4.4%          | 2.1%          | 5.1%          | 2.8%          | 2.8%          | -3.6%         | 2.0%          | 5.9%          | 4.9%          | 1.3%          |
| National  | \$ 34,300     | \$ 35,888     | \$ 38,127     | \$ 39,804     | \$ 40,873     | \$ 39,379     | \$ 40,144     | \$ 42,332     | \$ 44,200     | \$ 44,765     |
| Percentage change                                   | 5.0%          | 4.6%          | 6.2%          | 4.4%          | 2.7%          | -3.7%         | 1.9%          | 5.5%          | 4.4%          | 1.3%          |
| <b>Resident Civilian Labor Force and Employment</b> |               |               |               |               |               |               |               |               |               |               |
| Civilian labor force (in thousands)                 | 3,165         | 3,204         | 3,241         | 3,230         | 3,247         | 3,204         | 3,168         | 3,170         | 3,169         | 3,180         |
| Employed (in thousands)                             | 2,997         | 3,032         | 3,080         | 3,081         | 3,058         | 2,873         | 2,851         | 2,890         | 2,912         | 2,941         |
| Unemployed (in thousands)                           | 168           | 172           | 161           | 149           | 189           | 331           | 317           | 280           | 257           | 239           |
| Unemployment rate                                   | 5.3%          | 5.4%          | 5.0%          | 4.6%          | 5.8%          | 10.3%         | 10.0%         | 8.8%          | 8.1%          | 7.5%          |
| <b>State and Area Employment</b>                    |               |               |               |               |               |               |               |               |               |               |
| Goods-producing industries                          |               |               |               |               |               |               |               |               |               |               |
| Mining and logging                                  | 6,900         | 6,900         | 7,000         | 6,800         | 6,700         | 6,500         | 6,600         | 6,900         | 6,800         | 7,100         |
| Construction  | 148,000       | 149,700       | 153,100       | 149,800       | 134,700       | 114,700       | 116,700       | 124,700       | 124,900       | 125,000       |
| Manufacturing                                       | 572,700       | 571,100       | 556,700       | 544,800       | 488,300       | 439,400       | 454,300       | 470,600       | 487,800       | 497,700       |
| Subtotal goods-producing industries                 | 727,600       | 727,700       | 716,800       | 701,400       | 629,700       | 560,600       | 577,600       | 602,200       | 619,500       | 629,800       |
| Service-producing industries                        |               |               |               |               |               |               |               |               |               |               |
| Transportation and utilities                        | 127,800       | 131,300       | 133,100       | 133,900       | 130,200       | 123,500       | 127,300       | 130,700       | 134,100       | 136,300       |
| Information   | 40,700        | 40,400        | 39,700        | 39,900        | 39,200        | 36,600        | 34,900        | 35,400        | 35,700        | 35,500        |
| Financial activities                                | 139,800       | 139,200       | 138,900       | 137,700       | 133,800       | 129,600       | 131,700       | 130,500       | 129,000       | 130,400       |
| Wholesale trade                                     | 120,800       | 122,500       | 123,900       | 125,900       | 121,900       | 112,900       | 112,700       | 115,600       | 117,200       | 117,300       |
| Retail trade  | 331,500       | 331,300       | 329,600       | 327,100       | 314,800       | 303,600       | 305,800       | 310,200       | 313,800       | 320,100       |
| Professional and business services                  | 270,500       | 277,800       | 284,000       | 291,000       | 275,000       | 266,500       | 282,900       | 292,300       | 300,900       | 316,100       |
| Education and health services                       | 372,400       | 382,500       | 390,100       | 402,000       | 414,500       | 419,800       | 425,800       | 433,400       | 435,700       | 443,000       |
| Leisure and hospitality                             | 275,500       | 278,600       | 284,700       | 283,300       | 283,000       | 272,500       | 275,100       | 280,400       | 288,500       | 294,000       |
| Other services                                      | 115,500       | 116,400       | 116,900       | 117,700       | 117,500       | 114,100       | 115,600       | 116,800       | 118,600       | 120,500       |
| State government                                    | 112,900       | 112,500       | 113,600       | 113,200       | 114,000       | 114,700       | 112,100       | 115,300       | 114,800       | 114,800       |
| Federal government                                  | 36,100        | 36,500        | 36,800        | 37,300        | 37,800        | 39,200        | 38,900        | 38,100        | 37,900        | 36,500        |
| Local government                                    | 275,400       | 276,200       | 280,200       | 282,700       | 285,000       | 283,400       | 274,300       | 277,300       | 270,000       | 271,000       |
| Subtotal service-producing industries               | 2,218,900     | 2,245,200     | 2,271,500     | 2,291,700     | 2,266,500     | 2,216,400     | 2,237,100     | 2,276,000     | 2,291,700     | 2,335,400     |
| <b>Total Nonfarm Wage and Salary Employment</b>     | 2,946,500     | 2,972,900     | 2,988,300     | 2,993,100     | 2,896,200     | 2,777,000     | 2,814,700     | 2,878,200     | 2,911,200     | 2,965,200     |

**Sources:** U.S. Department of Commerce - Bureau of Economic Analysis (BEA), U.S. Department of Labor - Bureau of Labor Statistics, and U.S. Census Bureau (via BEA data).

## State of Indiana

### Twenty Largest Indiana Public Companies

(ranked by 2012 revenue)

| Ranking | Company                                | 2012 Revenue<br>in Millions | City         |
|---------|--|-----------------------------|--------------|
| 1       | WellPoint Inc.                         | \$ 61,700                   | Indianapolis |
| 2       | Eli Lilly and Co.                      | 22,600                      | Indianapolis |
| 3       | Cummins Inc.                           | 17,300                      | Columbus     |
| 4       | Steel Dynamics Inc.                    | 7,300                       | Fort Wayne   |
| 5       | NiSource Inc.                          | 5,100                       | Merrillville |
| 6       | Simon Property Group Inc.              | 4,900                       | Indianapolis |
| 7       | Berry Plastics Corp.                   | 4,800                       | Evansville   |
| 8       | Calumet Specialty Products Partners LP | 4,700                       | Indianapolis |
| 9       | Zimmer Holdings Inc.                   | 4,500                       | Warsaw       |
| 10      | CNO Financial Group Inc.               | 4,300                       | Carmel       |
| 11      | Republic Airways Holdings Inc.         | 2,800                       | Indianapolis |
| 12      | HHGregg Inc.                           | 2,500                       | Indianapolis |
| 13      | Vectren Corp.                          | 2,200                       | Evansville   |
| 14      | Allison Transmission Inc.              | 2,100                       | Indianapolis |
| 15      | Kar Auction Services Inc.              | 2,000                       | Carmel       |
| 16      | Hill-Rom Holdings Inc.                 | 1,600                       | Batesville   |
| 17      | Wabash National Corp.                  | 1,500                       | Lafayette    |
| 18      | The Finish Line Inc.                   | 1,400                       | Indianapolis |
| 19      | ITT Educational Services Inc.          | 1,300                       | Carmel       |
| 20      | Duke Realty Corp.                      | 1,100                       | Indianapolis |

SOURCE: Indianapolis Business Journal, 2014 Book of Lists.

## State of Indiana

### Twenty Largest Indiana Private Companies

(Ranked by 2012 Revenue)

| Ranking | Company   | 2012<br>Revenue (in<br>millions) | City         |
|---------|---|----------------------------------|--------------|
| 1       | Biomet Inc.   | \$ 2,800                         | Warsaw       |
| 2       | Do It Best Corp.  | 2,700                            | Fort Wayne   |
| 3       | Petroleum Traders Corp.                                     | 2,600                            | Fort Wayne   |
| 4       | CountryMark   | 1,700                            | Indianapolis |
| 5       | OneAmerica Financial Partners, Inc.                         | 1,400                            | Indianapolis |
| 6       | Co-Alliance LLP   | 1,100                            | Avon         |
| 6       | Hunt Construction Group Inc.                                | 1,100                            | Indianapolis |
| 8       | Steel Warehouse Co. LLC                                     | 980                              | South Bend   |
| 9       | Koch Enterprises Inc.                                       | 943                              | Evansville   |
| 10      | The Bob Rohrman Auto Group                                  | 918                              | Lafayette    |
| 11      | Rea Magnet Wire Co. Inc.                                    | 849                              | Fort Wayne   |
| 12      | LDI Ltd. LLC  | 827                              | Indianapolis |
| 13      | Atlas World Group Inc.                                      | 816                              | Evansville   |
| 14      | Indiana Farm Bureau Insurance--<br>Property/Casualty & Life | 790                              | Indianapolis |
| 15      | Jayco Corp.   | 690                              | Middlebury   |
| 16      | Herff Jones Inc.  | 675                              | Indianapolis |
| 17      | Hoosier Energy Rural Electric Cooperative Inc.              | 648                              | Bloomington  |
| 18      | Federal Home Loan Bank of Indianapolis                      | 645                              | Indianapolis |
| 19      | Ray Skillman Auto Centers                                   | 601                              | Indianapolis |
| 20      | Swift Oil Co. Inc.  | 598                              | Seymour      |

SOURCE: Indianapolis Business Journal, 2014 Book of Lists.

**State of Indiana  
Principal Employers  
Current Year and Nine Years Ago**

|  | 2013      |      |                                      | 2004      |      |                                      |
|--|-----------|------|--------------------------------------|-----------|------|--------------------------------------|
|  | Employees | Rank | Percentage of Total State Employment | Employees | Rank | Percentage of Total State Employment |
| U.S. Government                          | 37,400    | 1    | 1.28%                                | 36,279    | 2    | 1.24%                                |
| Wal-Mart Stores, Inc.                    | 35,994    | 2    | 1.23%                                | N/A       |      | N/A                                  |
| State of Indiana (1)                     | 31,134    | 3    | 1.06%                                | 38,848    | 1    | 1.32%                                |
| Indiana University Health                | 26,596    | 4    | 0.91%                                | N/A       |      | N/A                                  |
| St. Vincent Health                       | 17,398    | 5    | 0.59%                                | 11,605    | 6    | 0.40%                                |
| Indiana University                       | 16,906    | 6    | 0.58%                                | 16,497    | 4    | 0.56%                                |
| Purdue University                        | 14,852    | 7    | 0.51%                                | 13,610    | 5    | 0.46%                                |
| The Kroger Company                       | 13,842    | 8    | 0.47%                                | N/A       |      | N/A                                  |
| Franciscan Alliance Inc.                 | 12,063    | 9    | 0.41%                                | N/A       |      | N/A                                  |
| Community Health Network                 | 10,466    | 10   | 0.36%                                | 6,740     | 12   | 0.23%                                |
| Eli Lilly and Co.                        | 10,141    | 11   | 0.35%                                | 17,000    | 3    | 0.58%                                |
| Cummins Inc.                             | 8,065     | 12   | 0.28%                                | 4,740     | 19   | 0.16%                                |
| FedEx Corp.                              | 8,000     | 13   | 0.27%                                | 5,200     | 17   | 0.18%                                |
| City of Indianapolis/Marion County       | 7,058     | 14   | 0.24%                                | 6,991     | 11   | 0.24%                                |
| Ivy Tech Community College               | 5,877     | 15   | 0.20%                                | N/A       |      | N/A                                  |
| University of Notre Dame                 | 5,274     | 16   | 0.18%                                | N/A       |      | N/A                                  |
| CVS/Caremark                             | 4,864     | 17   | 0.17%                                | N/A       |      | N/A                                  |
| Rolls-Royce Corp.                        | 4,650     | 18   | 0.16%                                | 4,200     | 20   | 0.14%                                |
| UPS                                      | 4,528     | 19   | 0.15%                                | N/A       |      | N/A                                  |
| Toyota Motor Manufacturing Indiana, Inc. | 4,500     | 20   | 0.15%                                | N/A       |      | N/A                                  |
| Total                                    | 279,608   |      | 9.55%                                | 161,710   |      | 5.51%                                |

(1) Full time State employees paid through the Auditor of State's Office as of June 2013 and June 2004.

N/A = Not available

**Sources:** Indianapolis Business Journal, 2014 and 2005 Book of Lists; and Auditor of State payroll records.

**State of Indiana  
School Enrollment  
Last Ten Fiscal Years**

|   | <u>2005</u>      | <u>2006</u>      | <u>2007</u>      | <u>2008</u>      | <u>2009</u>      | <u>2010</u>      | <u>2011</u>      | <u>2012</u>      | <u>2013</u>      | <u>2014</u>      |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Public School Enrollment, Grades K-12           |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Elementary (KG through Grade 6)                 | 554,446          | 559,384          | 556,677          | 556,622          | 556,228          | 557,257          | 557,983          | 555,344          | 554,421          | 551,803          |
| Secondary (Grades 7 through 12)                 | 469,922          | 487,741          | 478,520          | 478,820          | 477,879          | 476,516          | 477,455          | 475,457          | 476,685          | 479,581          |
| Total, all grades                               | <u>1,024,368</u> | <u>1,047,125</u> | <u>1,035,197</u> | <u>1,035,442</u> | <u>1,034,107</u> | <u>1,033,773</u> | <u>1,035,438</u> | <u>1,030,801</u> | <u>1,031,106</u> | <u>1,031,384</u> |
| Public Higher Education Enrollment <sup>1</sup> |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Indiana University                              | 73,367           | 73,494           | 74,717           | 77,178           | 81,261           | 82,830           | 83,228           | 82,671           | 84,786           | 85,373           |
| Purdue University                               | 55,167           | 56,194           | 57,010           | 57,891           | 60,241           | 59,526           | 59,186           | 58,704           | 57,284           | 56,701           |
| Ball State University                           | 18,415           | 18,167           | 17,919           | 18,247           | 19,202           | 19,965           | 19,526           | 18,831           | 18,340           | 18,255           |
| Indiana State University                        | 9,122            | 8,832            | 8,823            | 8,718            | 8,839            | 9,685            | 9,738            | 10,282           | 10,772           | 11,273           |
| Ivy Tech Community College                      | 36,188           | 38,072           | 42,193           | 50,104           | 63,351           | 67,588           | 65,957           | 58,719           | 56,024           | 49,727           |
| University of Southern Indiana                  | 8,180            | 8,284            | 8,230            | 8,438            | 8,789            | 8,971            | 9,031            | 8,740            | 8,215            | 7,822            |
| Vincennes University                            | 5,461            | 6,245            | 6,457            | 7,348            | 7,704            | 9,410            | 10,077           | 9,393            | 9,825            | 10,162           |
| Total, public colleges and universities         | <u>205,900</u>   | <u>209,288</u>   | <u>215,349</u>   | <u>227,924</u>   | <u>249,387</u>   | <u>257,975</u>   | <u>256,743</u>   | <u>247,340</u>   | <u>245,246</u>   | <u>239,313</u>   |

<sup>1</sup> based on Fall full-time equivalent enrollment.

**Sources:** Indiana Commission for Higher Education (for Public Higher Education Enrollment); and Indiana Department of Education (for Grades K-12)

## State of Indiana

### Largest Indiana Private Colleges & Universities

(Ranked by Fall 2013 Full-Time Equivalent Enrollment)

| Ranking | Institution                         | Fall 2013<br>FTE<br>Enrollment | Location     |
|---------|-------------------------------------|--------------------------------|--------------|
| 1       | Indiana Wesleyan University         | 13,867                         | Marion       |
| 2       | University of Notre Dame            | 12,002 a                       | Notre Dame   |
| 3       | University of Indianapolis          | 6,118                          | Indianapolis |
| 4       | Indiana Tech                        | 5,721                          | Fort Wayne   |
| 5       | Butler University                   | 4,731                          | Indianapolis |
| 6       | Harrison College                    | 4,213                          | Indianapolis |
| 7       | Valparaiso University               | 4,062                          | Valparaiso   |
| 8       | University of Evansville            | 3,351                          | Evansville   |
| 9       | WGU Indiana                         | 3,316                          | Indianapolis |
| 10      | Marian University                   | 2,600                          | Indianapolis |
| 11      | Anderson University                 | 2,500                          | Anderson     |
| 11      | University of Phoenix               | 2,500                          | Indianapolis |
| 13      | Trine University                    | 2,465                          | Angola       |
| 14      | DePauw University                   | 2,288                          | Greencastle  |
| 15      | Rose-Hulman Institute of Technology | 2,259 b                        | Terre Haute  |
| 16      | Taylor University                   | 2,053                          | Upland       |
| 17      | Bethel College                      | 1,630                          | Mishawaka    |
| 18      | Grace College                       | 1,612                          | Winona       |

(a) From Fall 2012, most recent available.

(b) Estimated preliminary enrollment numbers.

SOURCE: Indianapolis Business Journal, 2014 Book of Lists



**State of Indiana**  
**Operating Indicators by Function of Government**  
**Last Ten Fiscal Years**

|  |                | <u>2014</u> | <u>2013</u>  | <u>2012</u> | <u>2011</u>  | <u>2010</u>  | <u>2009</u>  | <u>2008</u>  | <u>2007</u> | <u>2006</u> | <u>2005</u> |
|--|----------------|-------------|--------------|-------------|--------------|--------------|--------------|--------------|-------------|-------------|-------------|
| <b>General Government</b>  |                |             |              |             |              |              |              |              |             |             |             |
| Department of Revenue  |                |             |              |             |              |              |              |              |             |             |             |
| Number of Tax Returns Filed Electronically                         | <sup>1</sup>   | N/A         | 2,565,620    | 2,328,203   | 2,268,856    | 2,179,678    | 2,046,564    | 1,981,644    | 1,879,652   | 1,455,888   | 1,341,802   |
| Number of Tax Returns Processed                                    | <sup>1</sup>   | N/A         | 3,254,314    | 3,140,076   | 3,094,479    | 2,966,371    | 2,946,873    | 3,061,394    | 3,102,053   | 3,031,011   | 3,004,164   |
| Percent of Tax Returns Filed Electronically                        |                | N/A         | 78.8%        | 74.1%       | 73.3%        | 73.5%        | 69.4%        | 64.7%        | 60.6%       | 48.0%       | 44.7%       |
| Number of Taxpayers Assisted - Walk-in                             | <sup>2,3</sup> | 102,120     | 12,969       | 18,748      | 21,784       | 23,752       | 24,853       | 13,787       | 14,792      | 14,528      | 14,149      |
| Number of Taxpayers Assisted - Telephone                           | <sup>2</sup>   | 753,939     | 630,352      | 534,680     | 416,231      | 367,217      | 358,750      | 364,230      | 361,910     | 316,115     | 313,023     |
| Number of Taxpayers Assisted - Total                               | <sup>2</sup>   | 856,059     | 643,321      | 553,428     | 438,015      | 390,969      | 383,603      | 378,017      | 376,702     | 330,643     | 327,172     |
| Department of Administration                                       |                |             |              |             |              |              |              |              |             |             |             |
| Construction projects administered                                 |                | 43          | 33           | 67          | 38           | 72           | 79           | 105          | 61          | 69          | 73          |
| Construction value excluding design fee (thousands)                |                | \$27,613    | \$27,448     | \$31,161    | \$22,265     | \$25,585     | \$31,817     | \$53,977     | \$63,191    | \$36,491    | \$35,806    |
| <b>Public Safety</b>   |                |             |              |             |              |              |              |              |             |             |             |
| Department of Correction   |                |             |              |             |              |              |              |              |             |             |             |
| Department Active Personnel  |                | 6,094       | 6,256        | 6,198       | 6,064        | 6,768        | 7,071        | 7,417        | 7,423       | 7,051       | 8,130       |
| Number of Adult Institutions                                       |                | 20          | 20           | 20          | 21           | 21           | 21           | 21           | 22          | 22          | 23          |
| Incarcerated Offenders   | <sup>4</sup>   | 29,329      | 29,156       | 28,378      | 28,307       | 29,278       | 29,314       | 27,412       | 25,849      | 24,431      | 24,244      |
| Average Cost Per Diem  |                | \$54.70     | \$55.19      | \$54.85     | \$54.53      | \$53.69      | \$54.28      | \$52.61      | \$52.25     | \$57.69     | \$58.99     |
| Contract Beds  |                | 341         | 333          | 399         | 294          | 167          | 317          | 225          | 156         | 293         | 88          |
| Average Offender Age at Intake                                     |                | 33.6        | 32.7         | 32.7        | 32.6         | 32.5         | 32.4         | 32.4         | 32.3        | 32.1        | 31.8        |
| Average Offender Age - Current                                     |                | 36.5        | 36.9         | 36.6        | 36.6         | 36.3         | 36.4         | 36.1         | 40.0        | 35.8        | 35.7        |
| Supervised Offenders   | <sup>5</sup>   | 9,689       | 10,385       | 9,581       | 10,606       | 9,037        | 8,383        | 11,138       | 8,108       | 7,248       | 5,308       |
| State Police   |                |             |              |             |              |              |              |              |             |             |             |
| Active State Troopers  |                | 1,241       | 1,243        | 1,245       | 1,244        | 1,255        | 1,311        | 1,293        | 1,298       | 1,129       | 1,138       |
| Number of Traffic Citations Issued                                 |                | 231,683     | 323,604      | 364,070     | 431,173      | 513,496      | 521,758      | 385,002      | 415,519     | 342,863     | 315,351     |
| Number of Firearm Permits Issued                                   |                | 103,062     | 84,831       | 69,525      | 76,844       | 81,868       | 102,568      | 73,874       | 67,501      | 78,921      | 68,842      |
| Number of Limited Criminal History Searches (fee)                  |                | 294,152     | 247,458      | 270,547     | 255,845      | 243,130      | 254,309      | 271,922      | 260,164     | 245,479     | 227,170     |
| Number of Limited Criminal History Searches (no fee)               |                | 424,537     | 396,197      | 390,912     | 370,857      | 371,964      | 407,318      | 362,069      | 306,615     | 246,604     | 216,488     |
| <b>Health</b>  |                |             |              |             |              |              |              |              |             |             |             |
| Department of Health   |                |             |              |             |              |              |              |              |             |             |             |
| Number of Birth and Death Certificates Issued                      |                | 34,012      | 42,076       | 49,208      | 61,884       | 46,236       | 49,420       | 52,300       | 51,428      | 57,467      | 78,300      |
| Number of Adoption Records Received                                |                | 3,904       | 1,831        | 3,402       | 2,186        | N/A          | N/A          | N/A          | N/A         | N/A         | N/A         |
| Number of Marriage Records Received                                |                | 44,841      | 41,301       | 48,756      | 39,586       | 32,000       | 18,270       | 35,770       | 42,570      | N/A         | N/A         |
| <b>Welfare</b>   |                |             |              |             |              |              |              |              |             |             |             |
| FSSA   |                |             |              |             |              |              |              |              |             |             |             |
| Medicaid and Children's Health Insurance Program (CHIP) recipients |                | 1,365,748   | 1,303,958    | 1,279,288   | 1,274,341    | 1,232,456    | 965,852      | 884,879      | 894,378     | 885,587     | 866,597     |
| Temporary Assistant for Needy Families (TANF) recipients           |                | 22,396      | 28,285       | 37,591      | 63,278       | 119,957      | 124,765      | 127,267      | 130,285     | 140,673     | 145,489     |
| Food Stamp recipients  |                | 879,342     | 924,180      | 908,511     | 882,716      | 823,818      | 684,280      | 607,989      | 582,972     | 570,627     | 550,416     |
| <b>Conservation, Culture, and Development</b>                      |                |             |              |             |              |              |              |              |             |             |             |
| Department of Natural Resources                                    |                |             |              |             |              |              |              |              |             |             |             |
| Hunting licenses sold  |                | 395,258     | 400,575      | 458,156     | 447,003      | 454,264      | 434,508      | 360,684      | 366,572     | 336,254     | 334,171     |
| Fishing licenses sold  |                | 474,361     | 418,535      | 496,423     | 429,373      | 472,174      | 511,345      | 417,952      | 441,414     | 430,780     | 420,330     |
| Trapping licenses sold   |                | 5,670       | 4,609        | 3,714       | 3,326        | 3,043        | 4,045        | 3,806        | 4,117       | 3,107       | N/A         |
| <b>Transportation</b>  |                |             |              |             |              |              |              |              |             |             |             |
| Department of Transportation                                       |                |             |              |             |              |              |              |              |             |             |             |
| Construction projects administered                                 |                | 487         | 379          | 425         | 443          | 819          | 467          | 480          | 368         | 496         | 453         |
| Construction value excluding design fee (thousands)                |                | \$ 262,629  | \$ 248,003   | \$ 282,352  | \$ 253,751   | \$ 479,562   | \$ 233,888   | \$ 195,062   | \$ 181,390  | \$ 177,961  | \$ 103,352  |
| Construction awarded amount (thousands)                            |                | \$ 954,516  | \$ 1,018,335 | \$ 996,806  | \$ 1,443,156 | \$ 1,410,254 | \$ 1,280,037 | \$ 1,067,548 | \$ 992,722  | \$ 973,954  | \$ 565,633  |
| <b>Business-type activities</b>                                    |                |             |              |             |              |              |              |              |             |             |             |
| Unemployment Insurance   |                |             |              |             |              |              |              |              |             |             |             |
| Number of payments made to claimants (thousands)                   |                | 2,032       | 2,324        | 2,588       | 3,144        | 4,525        | 5,416        | 2,762        | 2,124       | 2,257       | 2,412       |
| Percentage of unemployment   |                | 5.9%        | 8.4%         | 8.7%        | 9.0%         | 10.0%        | 8.3%         | 5.9%         | 4.7%        | 5.1%        | 5.3%        |

**Notes:**

1 Tax Year (January 1 - December 30)

2 Fiscal Year (July 1-June 30)

3 2014 walk-ins assisted included the DoR's main, district, and motor carrier offices. Prior years included only the main office.

4 Includes inmates held in county jails and contract beds

5 Excludes Indiana parolees on parole in other states; includes other states parolees supervised by Indiana

**Sources:** Various state agencies.

# 218 - State of Indiana - Comprehensive Annual Financial Report

## State of Indiana Capital Assets Statistics by Function of Government Last Ten Fiscal Years

| Function  | Fiscal Year Ended June 30 |         |         |         |         |         |             |             |             |             |
|---|---------------------------|---------|---------|---------|---------|---------|-------------|-------------|-------------|-------------|
|   | 2014                      | 2013    | 2012    | 2011    | 2010    | 2009    | 2008        | 2007        | 2006        | 2005        |
| <b>Conservation, Culture and Development</b>          |                           |         |         |         |         |         |             |             |             |             |
| <i>Department of Natural Resources</i>                |                           |         |         |         |         |         |             |             |             |             |
| Acres of land (parks, lakes, etc.) owned              | 414,212                   | 410,817 | 406,243 | 385,950 | 381,267 | 378,411 | 383,755     | 379,408     | 376,385     | 365,512     |
| Number of state parks *                               | 24                        | 24      | 24      | 24      | 24      | 24      | 24          | 24          | 24          | 24          |
| Number of reservoirs                                  | 8                         | 8       | 8       | 8       | 9       | 9       | 9           | 9           | 9           | 9           |
| Number of state forests                               | 16                        | 16      | 15      | 16      | 15      | 16      | 16          | 16          | 16          | 16          |
| Number of historic sites                              | 0                         | 0       | 0       | 13      | 14      | 14      | 14          | 15          | 16          | 16          |
| Number of fish & wildlife areas                       | 26                        | 26      | 25      | 22      | 21      | 21      | 21          | 21          | 21          | 21          |
| Number of dams  | 133                       | 133     | 134     | 134     | 129     | 129     | 129         | 129         | 129         | 129         |
| Number of vehicles                                    | 2,041                     | 2,071   | 2,073   | 2,049   | 2,067   | 2,278   | 2,534       | 2,833       | 2,911       | 3,278       |
| Number of watercraft, registered                      | 822                       | 901     | 899     | 899     | 879     | 928     | 1,435       | 1,667       | 1,872       | 2,077       |
| Number of watercraft, non-registered                  | 306                       | 210     | 212     | 212     | 201     | 196     | Unavailable | Unavailable | Unavailable | Unavailable |
| Number of aircraft                                    | 0                         | 0       | 0       | 0       | 0       | 0       | 0           | 0           | 0           | 2           |
| <b>Education</b>                                      |                           |         |         |         |         |         |             |             |             |             |
| <i>Department of Education</i>                        |                           |         |         |         |         |         |             |             |             |             |
| Number of public schools, K-12                        | 1,923                     | 1,928   | 1,931   | 1,936   | 1,941   | 1,971   | 1,969       | 1,967       | 1,977       | 1,978       |
| Number of non-public schools, K-12 **                 | 301                       | 304     | 294     | 293     | 304     | 309     | 298         | 302         | 281         | 287         |
| <i>Commission for Higher Education</i>                |                           |         |         |         |         |         |             |             |             |             |
| Number of public postsecondary institutions           |                           |         |         |         |         |         |             |             |             |             |
| number of institutions                                | 7                         | 7       | 7       | 7       | 7       | 7       | 7           | 7           | 7           | 7           |
| number of campuses                                    | 43                        | 43      | 47      | 47      | 39      | 39      | 39          | 39          | 39          | 39          |
| Number of non-public postsecondary institutions       | 29                        | 31      | 32      | 32      | 32      | 31      | 31          | 31          | 31          | 31          |
| <b>General Government</b>                             |                           |         |         |         |         |         |             |             |             |             |
| <i>Department of Administration</i>                   |                           |         |         |         |         |         |             |             |             |             |
| Number of buildings                                   | 10                        | 10      | 7       | 7       | 7       | 7       | 7           | 7           | 7           | 7           |
| Number of fleet service vehicles                      | 239                       | 285     | 257     | 259     | 270     | 332     | 28          | 32          | 32          | 154         |
| Number of aircraft                                    | 0                         | 0       | 0       | 0       | 7       | 10      | 12          | 13          | 0           | 0           |
| <b>Public Safety</b>                                  |                           |         |         |         |         |         |             |             |             |             |
| <i>Department of Correction</i>                       |                           |         |         |         |         |         |             |             |             |             |
| Number of adult facilities                            | 20                        | 20      | 20      | 21      | 21      | 21      | 21          | 22          | 22          | 23          |
| Number of juvenile facilities                         | 4                         | 4       | 5       | 6       | 6       | 7       | 7           | 7           | 7           | 8           |
| Number of parole facilities                           | 10                        | 10      | 9       | 9       | 9       | 9       | 10          | 10          | 10          | 9           |
| Number of vans  | 289                       | 299     | 291     | 294     | 310     | 313     | 318         | 332         | 338         | 328         |
| <i>State Police</i>                                   |                           |         |         |         |         |         |             |             |             |             |
| Number of state police posts                          | 14                        | 14      | 14      | 14      | 17      | 18      | 18          | 18          | 18          | 18          |
| Number of state police cars                           | 1,937                     | 2,080   | 1,931   | 1,847   | 1,807   | 1,792   | 1,844       | 1,844       | 1,644       | 1,644       |
| Number of aircraft                                    | 5                         | 6       | 6       | 6       | 0       | 0       | 0           | 0           | 6           | 6           |
| Number of trailers                                    | 121                       | 120     | 116     | 108     | 108     | 98      | 94          | 82          | Unavailable | Unavailable |
| <b>Transportation</b>                                 |                           |         |         |         |         |         |             |             |             |             |
| <i>Department of Transportation</i>                   |                           |         |         |         |         |         |             |             |             |             |
| Number of interstate miles                            | 1,236                     | 1,238   | 1,014   | 1,014   | 1,014   | 1,185   | 1,013       | Unavailable | Unavailable | Unavailable |
| Number of non-interstate miles                        | 9,933                     | 9,930   | 10,127  | 10,095  | 9,942   | 10,014  | 10,170      | Unavailable | Unavailable | Unavailable |
| Number of interstate and non-interstate total miles   | 11,169                    | 11,168  | 11,141  | 11,109  | 10,956  | 11,199  | 11,183      | 11,197      | 11,184      | 11,184      |
| Number of interstate bridges                          | 1,392                     | 1,377   | 1,264   | 1,263   | 1,256   | 1,260   | 1,267       | 1,247       | 1,247       | 1,247       |
| Number of non-interstate bridges                      | 4,233                     | 4,081   | 4,056   | 4,049   | 3,977   | 3,954   | 3,965       | 3,896       | 3,896       | 3,896       |
| Number of interstate and non-interstate total bridges | 5,625                     | 5,458   | 5,320   | 5,312   | 5,233   | 5,214   | 5,232       | 5,143       | 5,143       | 5,143       |
| Acreage from excess land                              | 5,974                     | 6,022   | 5,879   | 5,216   | 4,810   | 3,270   | 1,922       | 1,952       | 1,901       | 1,895       |
| Acreage from fixed assets                             | 2,243                     | 2,262   | 2,298   | 2,286   | 2,289   | 2,343   | 2,232       | 2,232       | 2,232       | 2,188       |
| Total acres of land owned                             | 8,217                     | 8,284   | 8,177   | 7,502   | 7,099   | 5,613   | 4,154       | 4,184       | 4,133       | 4,083       |
| Number of heavy equipment owned                       | 3,101                     | 2,827   | 2,902   | 2,864   | 2,777   | 2,749   | 2,675       | 2,520       | 2,391       | 2,210       |
| <b>Welfare</b>  |                           |         |         |         |         |         |             |             |             |             |
| <i>Family and Social Services Administration</i>      |                           |         |         |         |         |         |             |             |             |             |
| Number of hospitals owned                             | 6                         | 6       | 6       | 6       | 6       | 6       | 6           | 7           | 7           | 7           |
| <b>Health</b>   |                           |         |         |         |         |         |             |             |             |             |
| <i>Indiana State Department of Health</i>             |                           |         |         |         |         |         |             |             |             |             |
| Number of pieces of laboratory equipment              | 749                       | 757     | 742     | 777     | 751     | 631     | 535         | 505         | 351         | 318         |

Note: \* 2007 and 2008 totals are corrected.

\*\* Includes only the accredited and freeway schools.

Sources: Various state agencies.

## Full Time State Employees Paid Through The Auditor of State's Office

| Function of Government                    | June 2014 | June 2013 | June 2012 | June 2011 | June 2010 | June 2009 | June 2008 | June 2007 | June 2006 | June 2005 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| General Government                        | 4,872     | 4,937     | 4,901     | 5,152     | 5,323     | 5,551     | 5,317     | 5,261     | 5,326     | 5,257     |
| Public Safety                             | 10,666    | 10,936    | 11,162    | 10,893    | 11,376    | 11,975    | 12,484    | 12,388    | 12,089    | 13,367    |
| Health                                    | 783       | 794       | 783       | 802       | 835       | 932       | 1,495     | 1,479     | 1,457     | 1,690     |
| Welfare                                   | 7,392     | 7,037     | 6,907     | 6,858     | 7,302     | 7,508     | 7,551     | 6,857     | 8,091     | 9,061     |
| Conservation, Culture and Development     | 3,272     | 3,366     | 3,275     | 3,251     | 3,290     | 3,481     | 3,507     | 3,427     | 3,406     | 3,605     |
| Education                                 | 641       | 532       | 550       | 706       | 766       | 671       | 760       | 755       | 684       | 750       |
| Transportation                            | 3,346     | 3,532     | 3,685     | 3,668     | 3,909     | 4,046     | 4,508     | 4,354     | 3,844     | 4,090     |
| Totals                                    | 30,972    | 31,134    | 31,263    | 31,330    | 32,801    | 34,164    | 35,622    | 34,521    | 34,897    | 37,820    |
| G - Governor's Authority                  | 28,279    | 28,398    | 28,485    | 28,472    | 29,911    | 31,254    | 32,606    | 31,524    | 31,822    | 34,673    |
| J - Judiciary                             | 845       | 831       | 835       | 830       | 846       | 835       | 811       | 772       | 753       | 743       |
| O - Other Elected Officials               | 1,065     | 1,049     | 1,049     | 1,067     | 1,056     | 1,093     | 1,139     | 1,123     | 1,102     | 1,058     |
| D - Disability Leave - in pay status      | 471       | 511       | 545       | 610       | 647       | 624       | 727       | 789       | 941       | 1,077     |
| D2 - Disability Leave - in non-pay status | 312       | 345       | 349       | 351       | 341       | 358       | 339       | 313       | 279       | 269       |
| Total                                     | 30,972    | 31,134    | 31,263    | 31,330    | 32,801    | 34,164    | 35,622    | 34,521    | 34,897    | 37,820    |

### Employees Other Than Full Time Paid Through The Auditor of State's Office

| Function of Government                    | June 2014    | June 2013    | June 2012    | June 2011    | June 2010    | June 2009    | June 2008    | June 2007    | June 2006    | June 2005    |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>General Government</b>                 |              |              |              |              |              |              |              |              |              |              |
| Public Safety                             | 182          | 173          | 150          | 138          | 152          | 196          | 340          | 329          | 328          | 299          |
| Health                                    | 410          | 260          | 296          | 1,168        | 292          | 365          | 1,993        | 918          | 1,716        | 2,155        |
| Welfare                                   | 1            | 3            | -            | -            | -            | 6            | 107          | 114          | 145          | 174          |
| Conservation, Culture and Development     | 319          | 35           | 349          | 313          | 351          | 384          | 401          | 393          | 510          | 538          |
| Education                                 | 1,511        | 1,480        | 1,492        | 1,557        | 1,142        | 2,942        | 1,756        | 2,030        | 2,196        | 2,394        |
| Transportation                            | 127          | 105          | 109          | 112          | 110          | 160          | 183          | 167          | 173          | 180          |
|   | 64           | 154          | 170          | 102          | 86           | 105          | 224          | 206          | 121          | 107          |
| <b>Totals</b>                             | <b>2,614</b> | <b>2,210</b> | <b>2,566</b> | <b>3,390</b> | <b>2,133</b> | <b>4,158</b> | <b>5,004</b> | <b>4,157</b> | <b>5,189</b> | <b>5,847</b> |
| <b>G - Governor's Authority</b>           |              |              |              |              |              |              |              |              |              |              |
| J - Judiciary                             | 2,502        | 2,103        | 2,476        | 3,292        | 2,036        | 4,015        | 4,731        | 3,880        | 4,896        | 5,562        |
| O - Other Elected Officials               | 25           | 17           | 18           | 15           | 12           | 11           | 158          | 155          | 163          | 170          |
| D - Disability Leave - in pay status      | 87           | 90           | 72           | 83           | 85           | 131          | 110          | 117          | 125          | 110          |
| D2 - Disability Leave - in non-pay status | -            | -            | -            | -            | -            | -            | 4            | 4            | 4            | 4            |
|   | -            | -            | -            | -            | -            | 1            | 1            | 1            | 1            | 1            |
| <b>Total</b>                              | <b>2,614</b> | <b>2,210</b> | <b>2,566</b> | <b>3,390</b> | <b>2,133</b> | <b>4,158</b> | <b>5,004</b> | <b>4,157</b> | <b>5,189</b> | <b>5,847</b> |

**Pension, Death Benefits, and Former Governors  
Number of People Paid Through The Auditor of State's Office**

| Category                | June 2014    | June 2013    | June 2012    | June 2011    | June 2010    | June 2009    | June 2008    | June 2007    | June 2006    | June 2005    |
|-------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Governor's Widows       | 2            | 2            | 1            | 1            | 1            | 2            | 2            | 2            | 2            | 2            |
| Death Benefits (Police) | 28           | 30           | 30           | 31           | 33           | 31           | 31           | 28           | 27           | 27           |
| Former Governors        | 3            | 2            | 3            | 3            | 2            | 2            | 2            | 2            | 2            | 2            |
| Police Pension          | 1,584        | 1,622        | 1,550        | 1,536        | 1,531        | 1,499        | 1,490        | 1,482        | 1,460        | 1,413        |
| <b>Total</b>            | <b>1,617</b> | <b>1,656</b> | <b>1,584</b> | <b>1,571</b> | <b>1,567</b> | <b>1,534</b> | <b>1,525</b> | <b>1,514</b> | <b>1,491</b> | <b>1,444</b> |

